

U.S. Message to Iraq: Move Troops or Else

Christopher Sees Sanctions in Place As Long as Saddam Stays in Power

By Paul F. Horvitz

WASHINGTON — Maintaining a hard-line against Iraq, Secretary of State Warren Christopher said Sunday that international sanctions against Baghdad would not be lifted while Saddam Hussein remains in power.

Mr. Christopher said that the United States would continue to support the Security Council's demand that Iraq withdraw its troops from Kuwait and the surrounding area.

But she also declared herself "mildly optimistic" that Iraq would complete its troop pullback.

while permitting the regime to keep regular army forces garrisoned in the south. Two elite guard brigades remain in the south, near Nasiriyah, but appear to be preparing to move north to their barracks, U.S. officials said Sunday.

Originally, U.S. officials supported a plan to bar all Iraqi troops from below the 32d parallel, but they relented after France withheld support.

Although some Security Council members, notably Russia, openly questioned on Saturday whether the United States had the legal authority to strike inside Iraq, U.S. officials maintain that such authority is embodied in UN resolutions passed after the Gulf War.

Mr. Christopher gave his most explicit assessment to date of the possibility that Mr. Saddam could win a lifting of the UN-imposed ban on oil sales.

Israel Reopens Gaza Border And Plans to Resume Talks

By Barton Gelman

JERUSALEM — Israel decided on Sunday to reopen its border with the Gaza Strip and resume self-rule negotiations with Palestinian leaders.

Prime Minister Itzhak Rabin shut the border and suspended peace talks last week as part of a pressure campaign to force the Palestinian leader, Yasser Arafat, to confront Islamic militants responsible for the kidnapping of Corporal Nachshon Waxman, a soldier with dual Israeli and American citizenship.

Hundreds of militant students rioted when Palestinian policemen stopped buses carrying them to what was planned as a second day of demonstrations at the Gaza City jail, where various reports say that 200 to 300 Hamas supporters remain imprisoned.

Mr. Rabin and Foreign Minister Shimon Peres, meanwhile, flew to Amman on Sunday night for the second time in less than a week to meet with King Hussein of Jordan.

The students from Islamic University, a Hamas stronghold in Gaza, responded by blocking Gaza's main north-south road and throwing stones at an Israeli military checkpoint.

North Korea Heir Apparent, Kim Is Seen After 3 Months

By Andrew Pollack

TOKYO — Kim Jong Il appeared in public on Sunday for the first time in nearly three months, partly allaying suspicions that he is ill and raising expectations that he will soon complete the process of formally succeeding his father as the leader of North Korea.

The elusive Mr. Kim appeared Sunday afternoon in Pyongyang, the North Korean capital, at a ceremony to mark the end of the 100-day mourning period for his father, Kim Il Sung, who died on July 8 of a heart attack at the age of 82.

filled with thousands of people. He stood nearly motionless and did not speak.

Although Mr. Kim has been presumed to be North Korea's new leader, he had not been seen publicly since the funeral for his father on July 20. Nor has he assumed two high positions held by his father: president of the nation and general secretary of the Communist Workers Party.

Some North Korea watchers interpreted these signs as indicating that Mr. Kim, 52, was either involved in a power struggle or was ill. More questions were raised when Mr. Kim failed to show up at a wreath-laying ceremony for his father on Sunday morning.

But his appearance in the afternoon, looking somewhat healthier than he did in July, will allay some of that speculation and lend support to the alternative theory, that Mr. Kim was merely trying to show he was a dutiful son by observing the traditional mourning period.

Kohl Coalition Survives Election But Faces Losses in Parliament

By Craig R. Whitney

BONN — Chancellor Helmut Kohl's 12-year-old government coalition suffered heavy losses in Germany's national elections on Sunday but held on to defeat the combined opposition narrowly, according to exit polls and computer projections.

"We have won the second all-German election," Mr. Kohl told cheering supporters less than 90 minutes after the polls closed, predicting that the coalition would emerge with an 8-to-10-seat majority in the Parliament.

But with 3.5 million people unemployed, including more than a million in Eastern Germany after the collapse of the communist economy there, and with total public indebtedness swollen to \$1.3 trillion since reunification four years ago, Mr. Kohl paid the price for widespread disillusionment.

Computer projections by Germany's two state television networks said he might end up with only four seats more than the opposition parties, compared with a 134-seat advantage now.

but such is life," the chancellor said, shrugging.

Rudolf Scharping, his Social Democratic challenger, conceded defeat this time but promised to keep giving Mr. Kohl a hard time.

"I am not sure whether the coalition will have a majority of one, two or three seats," he said, "but it is still a coalition of losers."

He vowed to win power for his party in the next elections, by 1998 at the latest.

"It can't be excluded that the coalition will have troubles in the course of the next legislative period," he said.

Projections from early results on Germany's ZDF and ARD television networks gave Mr. Kohl and his Christian Democratic coalition partners a combined 48 to 49 percent of the vote, down from the 54.8 percent they won in the first elections after unification in 1990.

Mr. Scharping, the old former state governor of Rhineland-Palatinate, led the Social Democrats to nearly 37 percent of the vote, according to the projections, which also indicated that the Greens had won close to 7 percent.

The Social Democrats' result was better than the 33.5 percent they won in 1990, but not enough for them to form a government with the Greens unless deputies from the former Communist Party in Eastern Germany support Mr. Scharping.

That left Mr. Kohl still in charge, but with a razor-thin edge in the lower house of Parliament, while the upper house remains, as before, controlled by the Social Democrats.

He will also be a lame duck if he holds to his pledge not to run again in 1998. The main reason he ran again this time, he said, was to continue the work of advancing European unity.

His re-election was welcomed Sunday night by the European Union's commissioner for foreign affairs, Hans van den Broek.

But domestically, the election was hard.

See GERMANY, Page 4



Mr. Kohl waving to his Christian Democratic supporters Sunday after claiming victory in Germany's federal elections.

Aristide's Daunting Task: Healing Haiti

By Larry Rohter

PORT-AU-PRINCE, Haiti — The national treasury is empty. More than 3,000 people, many of whom were counted on to help run the country, are dead, the victims of state-sponsored violence.

Against all odds, the Reverend Jean-Bertrand Aristide has been restored to his rightful place as the legitimate, popularly elected president of Haiti.

ruptured and riven by the ordeal of the last three years, and he now faces a daunting challenge: how to live up to the people's

NEWS ANALYSIS

expectations that he bring about an immediate improvement in every aspect of their lives.

know that he will take care of us. No more fear, no more beatings, no more hunger, no more ignorance."

Father Aristide has actively encouraged those aspirations, promising in the many radio addresses he has made to the Haitian people in recent months to create thousands of jobs and invest heavily in social services like schools and hospitals once he returned.

But the grim reality, one American official here said, is that three years of corrupt and inept military rule and months of

See HAITI, Page 4

Finns Approve Joining the EU, 57% to 43%

Compiled by Our Staff From Dispatches

HELSINKI — Finland voted, 57 percent to 43 percent, to join the European Union in a referendum on Sunday, according to the final result.

Voter turnout was put at 74.2 percent shortly after the polls closed, significantly lower than the 85 percent that had been predicted by experts.

National security, independence and the economy had been the focus of the debate over EU membership among the electorate. Finland is scheduled to become a full member of the European Union on Jan. 1.

"A clear majority wants our country to join the European Union," President Martti Ahtisaari declared in a nationally broadcast speech.

Prime Minister Esko Aho said, "It's clear that the people are supporting the government's policy."

The referendum was the first of three Nordic ballots that could enlarge the Union by millions of people.

The referendum was nonbinding, and the Parliament now must make a final decision. Most of the 200 legislators have said they will respect the referendum outcome.

Voters in Sweden will vote on EU membership on Nov. 13, and Norwegians are to cast ballots in a referendum on Nov. 28.

"I would like to congratulate Finland on a clear result," said Prime Minister Ingvar Carlsson of Sweden. "I would also like to congratulate Europe; this is a step forward for European cooperation."

Mr. Carlsson's predecessor, Carl Bildt, who was instrumental in hammering out the membership plans and referendums during his term that ended last month, said the Finnish vote "will have a great impact on the Swedish referendum."

"This is a way for us to strengthen Nordic cooperation and the Nordic influence in Europe," Mr. Bildt said. "I believe in a renaissance for Nordic cooperation within the framework of the European Union."

In Norway, Prime Minister Gro Har-

See FINLAND, Page 2

Kiosk

Chechnya Repels Attack on City

MOSCOW (Reuters) — Dzhokar Dudayev, leader of Russia's rebel Chechnya region, appeared to be still in control of most of the mountainous southern republic on Sunday after repelling an attack by opposition forces.

Russia's NTV independent channel said the Moscow-backed opposition forces had withdrawn from around the ethnic republic's capital, Grozny, after taking parts of the city during the assault.

Mr. Dudayev, a thorn in the Kremlin's side since he declared independence three years ago, said the government had enough forces to crush any attack on the city and blamed Moscow for the fighting.

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Crème de la Crème: The Verdict Is In

By Patricia Wells

PARIS — One year ago, I accepted an audacious and daunting assignment: Travel the globe and select the top 10 restaurants in the world. Then, as an added challenge, I was asked to compile a second list, of the top 10 casual restaurants.

How could one comb through such a range of cuisines, wines, languages, time

The complete report on Italy, the list of the top 10 casual restaurants, and additional details on the top tables appear on Page 10.

zones and customs and come up with authoritative lists? But only a fool would have said no to such a once-in-a-lifetime assignment.

At the outset, my biggest fear was: "How would I know?" Meaning, when faced with any cuisine — familiar or unfamiliar — how would I be sure that this was the finest in the land? I needn't have worried. When the big one comes

along, the earth moves. It's that clear and simple.

When I dine, I filter out everything about the restaurant that's not food: its reputation, my preconceived notions or previous experiences, other people's opinions, even the service and the room in which I dine. I focus only on the look, the aroma, the taste, the texture of the food. The restaurant wins or loses based on my physical and emotional response, my ultimate pleasure or displeasure. Only later do I factor in the oenofood portion of the experience.

So when I sampled Joël Robuchon's explosive macaroni gratin in Paris, Fredy Girardet's incomparable duck bathed in goose fat and lime juice in Switzerland, Cheung Kam Chuen's deep-fried scallops with fresh pears in Hong Kong, Jiro Ono's lush red tuna sashimi in Tokyo, and Mara Martin's landmark cuttlefish risotto in Venice, the earth really did move. And I knew that I was no longer comparing cuisines, like apples and oranges, I

See MEALS, Page 4



The 10 Best Restaurants in the World

- 1 Joël Robuchon, Paris.
- 2 Restaurant Fredy Girardet, Crissier, Switzerland.
- 3 Lai Ching Heen, Hong Kong.
- 4 Le Louis XV-Alain Ducasse, Monte Carlo.
- 5 Osteria da Fiore, Venice.
- 6 Jiro, Tokyo.
- 7 Guy Savoy, Paris.
- 8 Taillevent, Paris.
- 9 Restaurant Daniel, New York.
- 10 Da Cesare, Albaretto della Torre, Italy.

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Canada.....2.00 FF	Spain.....200 PTAS
China.....2.00 FF	Tunisia.....1,000 Din
Czechia.....1.40 CFA	Turkey.....T.L. 35.000
Denmark.....1.40 CFA	U.A.E.....8.50 Dirh
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Q & A: Dim View of Russia's Economic Reform Efforts

After the ruble's weak performance on currency exchanges last week, Russia's acting finance minister and his central bank chief lost their jobs. A leading candidate to fill one of those posts is Boris G. Fyodorov, who resigned as finance minister in January. He spoke with Erik Ipsen of the International Herald Tribune in London.

Q. What sort of conditions would the government have to meet to persuade you to return?

A. My terms would be the same ones that I had in January. Among other things, that means that certain people would have to go and that the president should never ask us to spend money that is not in the budget.

Q. Many currency experts say the halting of the ruble in recent weeks reflects the market's sudden skepticism about the course of Russia's

economic reform. Are such doubts well placed?

A. I have had lots of talks with bankers. When they see that for 10 months nothing really is being done, they react. The government, for instance, said that it would decontrol oil and gas prices but it has not been done. Export customs duties, which limit our own exports, are stupid but they are still there. And on the spending side, nothing is controlled. On the one hand, those who should be getting something are not getting it — areas like health care and education — and those who should not be getting money are getting it.

Q. Who is that latter camp?

A. Let us say, for instance, that the president goes for a trip on the Volga River. Several regional leaders typically come to him with papers that say such and such enterprise is in very bad shape, give us money. The president then writes to the finance minister and says, "Within three days give this and this enterprise this

amount of money." The finance minister fights like hell, but if the person who made the appeal has the right connections there is nothing the finance minister can do.

The biggest problem is that no one considers the budget a law. They spend money that is not in the budget. They think that being in government they can spend any amount and print any amount of money they wish.

Q. Does President Boris N. Yeltsin's erratic performance in public of late contribute to a lack of confidence in the government?

A. Of course it is troubling. If you talk to 100 people in the street you will not meet a single person who is sympathetic with Yeltsin. It is an embarrassment to the whole country. It is not so funny.

Q. You have said that you do not have much hope in further reforms until after the next election, in 1996?

A. Personally I do not have much

hope, but in Russia we believe in miracles. The country and the people will not disappear.

Q. Do you have any hope that Andrei Vavilov, the new acting finance minister, will push for more reforms?

A. If he were committed to reform he would not have survived all these years that he has in the government.

Q. But the government can point to real progress on inflation and on privatizations, can it not?

A. Unless inflation is less than 30 percent per annum, I will never agree that this is huge progress. That is less than 20 percent per annum, not 4, 5, 8 percent per month. Unless this is achieved, it is impossible to talk about stabilization.

On privatizations, yes, the transfer of titles is growing by leaps and bounds. The problem is that privatization so far has not led to real improvements in efficiency or productivity. If you have a state enterprise

and you take the state away but the management stays the same, the bureaucracy stays the same, and the productivity stays the same, you have not achieved much.

These companies pay no dividends. They do not allow outsiders as shareholders. They do not show the share register to anyone. It isn't privatization. It is only one part of the process. The second part is you kick out the bad management and you cut the work force and that has not happened. The same thing needs to happen with the government. Why is it there are more Communists in the government than there are in the elected parliament?

Q. Will the ruble's fall now add to that expected inflation?

A. It cannot be avoided. The falls we have seen in the currency in the last month have to translate to several additional points of inflation. Inflation was 5 percent in August, 8 percent in September, and it will now go back to double digits.

WORLD BRIEFS

Greece's Socialists Harshly Criticized For Irregularities in Local Elections

ATHENS (Reuters) — Greece's ruling Socialists were fiercely criticized Sunday after a chaotic round of nationwide local elections in which scores of polling stations never opened.

The justice and interior ministers offered to quit after a day of constant criticism of the Panhellenic Socialist Movement-led government from people interviewed outside empty polling sites. But Prime Minister Andreas Papandreu brushed aside the offer.

Many of the would-be voters, who face steep fines unless they cast ballots, said they arrived at polling stations only to find them closed or without officials and ballot boxes.

Officials, citing unofficial figures, said about 180 polling stations in Athens never opened, and that 130 opened only in the final hours of voting. Athens has 1,400 polling centers. Some 8.5 million voters were to cast ballots for 434 mayors and local council members around Greece.

Algeria Reporter and Executive Slain

ALGIERS (AP) — A state radio reporter was fatally shot, and the head of Algeria's sugar company was found slain Sunday as the cycle of violence between the government and Muslim fundamentalist militants continued.

Armed men attacked the journalist, Tayeb Bouteflika, 41, as he was getting in his car outside his home in the southeast Algerian suburb of Baraki, said a communiqué by security forces.

In Khemis-Miliana, 100 kilometers (60 miles) west of Algiers, the president of the national sugar monopoly, Mohammed Madi, 44, was found slain, security forces said. He was kidnapped Saturday from his home in the same town, near the company's headquarters.

Militant Tied to Mahfouz Plot Killed

CAIRO (AP) — Five suspected Islamic militants, including one who the police said was the mastermind of a plot to kill the Nobel Prize-winning author Naguib Mahfouz, were killed in raids across Egypt.

An Interior Ministry statement said Sunday that seven suspects were arrested in connection with the slaying of Mr. Mahfouz on Friday. It said the attack, which the writer survived, was part of a campaign by Muslim fundamentalists to destabilize Egypt. The police killed the suspected leader of the attack, Basem Mohammed Khalil Shalheen, in a shoot-out late Saturday at a coffee shop in a Cairo suburb.

Four other radical suspects were shot and killed the same night in southern Egypt, police said.

Balladur Decides Against Shake-Up

PARIS (Reuters) — José Rossi, secretary-general of France's center-right Republican Party, was appointed industry minister on Sunday, replacing Gérard Longuet, who resigned in a corruption scandal on Friday, the president's office announced.

The statement from President François Mitterrand's office made clear that Prime Minister Edouard Balladur had decided on a straight replacement for Mr. Longuet rather than a broader cabinet shake-up.

Mr. Rossi, 50, a popular lawyer and member of Parliament from the island of Corsica, received all Mr. Longuet's portfolios, including postal services, telecommunications and foreign trade. He is from the same free-market party as Mr. Longuet, maintaining the cabinet's political balance.

Khmer Rouge Unit Joins Army Side

KAMPOT, Cambodia (AFP) — Military officials confirmed reports Sunday that a Khmer Rouge commander had defected with about 100 men, who were now fighting former fellow guerrillas holding three Western tourists hostage near here.

Fighting broke out when guerrillas loyal to the Khmer Rouge district commander, Paet, had attempted to stop the defectors, led by another rebel leader, Rin, a government staff officer based here said.

"Rin said they must fight Paet, so now his men are fighting alongside our troops against General Paet near his Phnom Vour base," the officer said.

Manila Leader Urges Renewed Talks

MANILA (Reuters) — President Fidel V. Ramos urged exiled Filipino Communist leaders to resume contact with Manila, and hinted that he might open negotiations with other rebel factions without the exiles' participation.

Mr. Ramos, in a statement released Sunday, expressed regret that the preliminary talks broke down in the Netherlands between a government panel and the exiled leaders of the Communist-led National Democratic Front.

TRAVEL UPDATE

Doctors in Belgrade reported the first case of cholera in Yugoslavia. The highly contagious intestinal illness recently has been noted in several European countries. (AP)

In Guinea-Bissau, cholera has killed 11 people and 13 others are seriously ill in the Bijagos archipelago. (AFP)

Iran has the highest number of traffic accidents in the world even though there are only 3 million cars in circulation, Transport Minister Akbar Torkan said. He said there were 37,000 serious accidents a year and about 120 accidents per 10,000 vehicles, 10 times the average in other parts of the world. (AFP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Colombia, Haiti, Jamaica, Malawi.

TUESDAY: Sri Lanka.

WEDNESDAY: Burma.

THURSDAY: Australia, Guatemala, Kenya.

FRIDAY: Honduras, Somalia.

SATURDAY: Somalia, Vatican City.

Sources: J.P. Morgan, Reuters.

FINLAND: 57% Approve Joining the European Union

Continued from Page 1

lem-Brundtland said Finns were intent on securing their rights in Western Europe.

"Many will say, Why shouldn't Norway go along with Finland and Sweden in Western Europe?" she said. "We have to think in terms like these."

With the Nordic nations and Austria, the European Union would grow to 16 members, totaling 375 million people.

After a long recession and decades in the Soviet shadow, Finland is hoping for stronger ties with Western Europe.

Sharing a 1,270-kilometer border with Russia, Finland

fought two bitter wars against the Soviet Union to keep its independence. During the Cold War, the Finns subjected their foreign-policy decisions for Moscow's tacit approval, but the breakup of the Soviet Union gave them new freedom.

The main EU opponents were Finnish farmers.

(Reuters, AFP, AP)



BIG STEP FOR DENMARK — Prince Joachim entering the new tunnel under the Great Belt waterway, part of a traffic system that will link Copenhagen with mainland Europe by 1996. He inaugurated the 7.4-kilometer stretch over the weekend.

Unions Plan New Anti-Berlusconi Protest

The Associated Press

ROME — Encouraged by a strong backlash to proposed government budget cuts, union leaders are planning another nationwide strike and a huge rally outside Prime Minister Silvio Berlusconi's office.

The heads of Italy's three

largest unions predicted Saturday that they could bring a million people to an anti-government march in Rome on Nov. 19, the day scheduled for an eight-hour general strike.

About 3 million people joined marches around the country during a strike on Friday. It was one of the most significant protests against Mr. Berlusconi's economic policies, which call for cuts in pension

and welfare benefits. The labor leaders also urged a one-hour strike on Oct. 27.

The cost-cutting effort has helped galvanize opposition to Mr. Berlusconi's coalition.

Mr. Berlusconi, who was in Moscow during the strike and protests on Friday, promised not to back off from his efforts to tackle Italy's \$100 billion budget deficit.

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THE AMERICAS / OUT OF THE LIMELIGHT

POLITICAL NOTES



Governor Pete Wilson of California and his challenger for the office, State Treasurer Kathleen Brown, preparing for a debate. Immigration has become an issue in the race.

Now, California Shuts Door

SAN FRANCISCO — Governor Pete Wilson, condemning the failure of federal immigration policy, is pushing the Clinton administration to declare an "immigration emergency" and reimburse California for what he calls a "multibillion-dollar problem."

Senator Dianne Feinstein, a California Democrat who is running for re-election, is calling for a \$1 billion toll to raise money for stronger border enforcement.

But a close examination of the record shows that policies promoted by Mr. Wilson when he was a U.S. senator and Ms. Feinstein when she was mayor of San Francisco actively encouraged illegal immigration into California, and as a result, hundreds of thousands of illegal immigrants came.

Reflecting on California's earlier policies, Leslie Goodman, the governor's deputy chief of staff, ruefully acknowledged that "in some ways there have been self-inflicted wounds."

Ten years ago, the mood in California could not have been more different. "The attitude of the time," said Alan C. Nelson, a Californian who was then commissioner of immigration and naturalization, "was that illegal immigration was O.K."

In fact, in 1984 and 1985, city councils in Los Angeles, San Francisco and many other cities around the state and the country passed resolutions and ordinances declaring their cities to be sanctuaries for illegal immigrants from Central American countries that were regarded as centers of repression supported by the United States.

In 1986, Mr. Wilson, then a senator, and others from the California congressional delegation held up passage of the Immigration Reform and Control Act until a provision was added to allow several hundred thousand legal immigrants into the country temporarily so that they could help harvest crops. Under the provision that eventually resulted, more than a million came to stay.

In 1985, San Francisco began to consider creating a "sanctuary," declaring that police officers and city employees were not to bother illegal immigrants from El Salvador and Guatemala, or to help the Immigration and Naturalization Service to find or deport them.

"We begged them," recalled David Lichter, then director of the San Francisco office of the INS. "We told them they would be inviting illegal immigration. Even as the resolution was being debated, we were apprehending aliens who said they'd heard about it in Central America."

But San Francisco passed the resolution and Ms. Feinstein, then mayor, signed it — reluctantly, her allies say now. (NYT)

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Obscure Races Hold Fate of Next Congress

By Kenneth J. Cooper

Washington Post Service

WASHINGTON — The possibility that angry voters will sweep out big-name incumbents like the House speaker, Thomas S. Foley of Washington, and Senator Edward M. Kennedy of Massachusetts, both Democrats, has captivated the political establishment and compounded Democratic fears about losing congressional seats next month.

But the biggest stakes in the midterm election — which political party controls Congress next year — could be decided in about 60 races mostly between little-name candidates like Zach Wamp (the Republican) and Randy Burton (the Democrat) in a House district around Chattanooga, Tennessee.

Similarly obscure candidates are vying for a total of 52 open seats in the House and the nine open seats in the Senate.

It is these largely unglamorous contests for the open seats being vacated by retiring, losers in primaries or aspirants for higher office that could provide most of the expected Republican gains in the House and form the foundation for a Republican takeover of the Senate. Both parties say they have invested heavily in these races.

Republicans are on the offensive in the contests for open seats. Democrats have more to defend: six out of the nine open seats in the Senate are currently held by Democrats and 31 of 52 in the House. Democrats expect a hard time retaining most of their open House seats because many are swing districts, particularly in the South.

"Most of the losses we're going to take are going to come in these open seats," said David Dixon, political director of the Democratic Congressional Campaign Committee.

The National Republican Congressional Committee has officially predicted a Republican gain of at least 22 House seats, but other Republicans speak about gaining as many as 70 seats. Democrats have estimated their losses at around 26. Historical averages for midterm gains by the party that does not occupy the White House range from 13 to 26.

Republicans need a net gain of 40 seats to control the House for the first time since 1954 and seven to recapture the Senate, which the Republicans last held in 1986. Republicans last won both the House and Senate in 1952, the year in which Eisenhower was first elected.

To pick up enough seats for control of both houses, Republicans would have to defeat a number of Democratic incumbents in the House and Senate who appear to be in political trouble because of the double-barreled unpopularity of President Bill Clinton and Congress.

The last big shifts in congressional seats between the parties have come mostly from the defeat of incumbents. Democrats picked up eight Senate seats in 1986 and 43 House seats in the post-Watergate election of 1974.

What makes Democrats fear and Republicans exult is the possibility that voter attitudes in 1994 may be like those in 1974, not 1992.

"It's the same kind of frustration and cynicism I saw post-Watergate," said Representative William J. Hughes, Democrat of New Jersey. "It's reminiscent of that." Mr. Hughes, who is retiring, was a member of the Class of 1974 whose district Republicans count on capturing.

The retirement of Democrats like Mr. Hughes has increased chances of big Republican gains in open seats. "We think there's an opportunity to make historic gains in open seats," said Representative Bill Paxon, Republican of New York and chairman of the National Re-

publican Congressional Committee. He added, "We're going to pick up more than our usual number of open seats because of who's retiring."

In the Senate, Republican candidates are favored in Maine, Ohio and Arizona, or in half of the six Democratic open seats. The races for the Democratic seats in Michigan and Tennessee are toss-ups, while the Oklahoma race is leaning Democratic. Democrats have their best shot at winning a Republican open seat in Minnesota, but their candidates trail in Missouri and Wyoming. Since 1946 the number of open Senate seats has exceeded nine once — in 1978 when it reached 10.

Of the 52 open House seats, 48 result from voluntary departures, the third-highest since World War II. Almost half of the 31 open Democratic seats are in southern or border states where Mr. Clinton has been more unpopular than elsewhere, and the last reapportionment created more competitive districts.

"The majority of Democratic open seats are marginal seats where the Democrat won by a narrow margin in the last election," Mr. Paxon said. "A significant number of Democratic open seats are in the South where our opportunities are just booming."

U.S. to Take Some Cuban Refugees

By Ruth Marcus

Washington Post Service

WASHINGTON — The Clinton administration has announced that it will allow several hundred Cuban refugees now being held at camps in Guantanamo Bay, Cuba, and Panama into the United States on humanitarian grounds.

The order applies to unaccompanied children, refugees over 70, and those with serious illnesses. They will be admitted into the United States under the attorney general's "parole" authority, which grants broad discretion to Attorney General Janet Reno to permit foreigners to enter the United States.

The White House press secretary, Dee Dee Myers, said the administration would also review the status of all children in the camps, which now house more than 30,000 Cuban refugees.

"The administration shares the deep concern of the Cuban-American community for the well-being of all the Cubans in safe havens," Ms. Myers said. "The root cause of these problems is in Cuba. The administration is dedicated to pursuing policies which will lead to a rapid and peaceful movement to democracy in Cuba."

A senior administration official said the move did not conflict with Ms. Reno's earlier statement that Cubans who try to flee to the United States and are sent to the U.S. naval base at Guantanamo Bay will not be "processed" for entry into the country.

"We said we would not process people," the official said. "We are not processing people."

The official said about 45 unaccompanied children on the base and about 100 Cubans over 70. In addition, U.S. officials have identified 12 people with serious illnesses and will review the cases of 30 to 40 others.

Exiles' Return

The Cuban authorities said Sunday that a group of seven armed and camouflage-dressed Cuban exiles shot and killed a fisherman after arriving on the island in a motor launch from Havana. They said the men had been captured Saturday in the Caribbean area, about 350 kilometers east of Havana.

Three Marines killed themselves and two others tried unsuccessfully to do so in the space of a week at Camp Lejeune, North Carolina, military sources said. A spokesman at the base said the suicides were not linked to U.S. military operations in the Middle East and Haiti.

Survivors of the 14 fire fighters killed while battling a wind-whipped forest fire on Storm King Mountain in Colorado in July are receiving checks for \$27,000 — the proceeds from a relief fund that raised almost \$400,000. (AP, NYT, WP)

AMERICAN TOPICS

Eight Are Accused of Taming An Arizona River With a Bang

White-water rafters confronting Quartzite Falls on the Salt River in Arizona could swallow their fear and take the plunge, or get out and carry their boats around it. Eight men, prosecutors say, took a third route: They dynamited it, reducing the wildest rapid on the river to a mild thrill ride.

A federal grand jury has charged a river guide and seven other men with conspiracy and destruction of federal property.

Gail Peters, Arizona director for the environmental group American Rivers, said, "It's like these guys were too lazy or too incompetent to run this rapid or go around it." A U.S. Forest Service spokeswoman, Joyce Hassel, said, "We kind of viewed this as an act of eco-terrorism."

A conspiracy conviction is punishable by up to five years in prison and a

\$250,000 fine. Destruction of property is punishable by 20 years and a \$250,000 fine.

The rapid spanned the bottom of the Salt River Canyon in the Tonto National Forest about 100 miles (160 kilometers) northeast of Phoenix. The sheer red and brown cliffs are sometimes known as the Little Grand Canyon.

Short Takes

Thanks to his bulletproof vest, Pietro Ferrante, a rookie New York City policeman, escaped with only a stomach bruise when he was shot last week with a .38-caliber revolver while questioning a group of men in Brooklyn. He even managed to arrest one of the men, New York policemen have been required since 1989 to wear bulletproof vests. Doctors said that had Mr. Ferrante, 24, not been wearing his vest, his wound could have been fatal.

For decades, Grant's Tomb in New York City has been a graffiti-marred magnet for drug dealers and the homeless. Now President Ulysses S. Grant's descendants have threatened to remove the remains of the Civil War hero and his

wife unless the site gets a multimillion-dollar renovation. Federal officials plan to spend \$400,000 on it this year and \$450,000 in 1995. A family spokesman said renovation would cost at least 10 times that much.

When a revival of "Show Boat," the 1927 classic by Jerome Kern and Oscar Hammerstein 2d, opened on Broadway this month, the director, Harold Prince, had everyone take a bow. Not just the 73 members of the cast, but 30 musicians, 24 dancers, 16 electricians, 13 carpenters, 6 stage managers, and assorted helping hands — a total of 217 people. "We thought it would be a nice way to say thanks," said the producer, Garth H. Drabinsky. This array of hired hands also demonstrated why "Show Boat" would have the highest running costs in Broadway history. Mr. Drabinsky said it would have to sell \$600,000 worth of tickets a week just to break even.

In a New York Times review of the new film "Only You," about American tourists living it up in Italy, the critic Janet Maslin remarks, "Not shown: the exciting moment when Faith, Kate, Peter and Larry return home from their mad escapades and open those credit card bills."

International Herald Tribune

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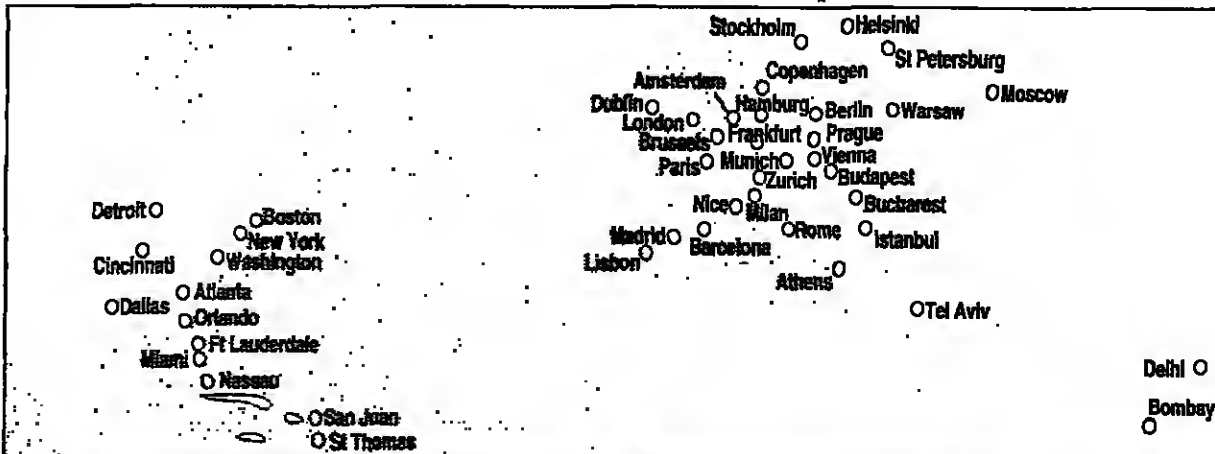
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Iraq and Haiti Bolster Clinton

Poll Shows Growing Foreign Policy Support

By Daniel Williams
and Ann Devroy
Washington Post Service

WASHINGTON — With its use of military muscle to restore Haiti's elected president and to protect Kuwait, the Clinton administration has demonstrated its commitment to a two-pronged doctrine on the use of force abroad, an issue that has bedeviled it since taking office.

Administration policymakers argue that in a chaotic world without a Soviet threat, power

NEWS ANALYSIS

must be used not only to protect traditional "vital" security interests but also to advance "important" national goals.

As the White House celebrated the success over the weekend of its policy to remove Haiti's military leaders and grapple with the showdown with President Saddam Hussein of Iraq, the president and his senior foreign-policy advisers made the case that however messy the application of the theory may be at times, it had now produced practical results. In Kuwait, where oil and by extension the health of the U.S. economy are at stake, President Bill Clinton is performing the traditional presidential role of protector of "vital" U.S. interests, his advisers said. In Haiti, he is doing something markedly different. There, he is trying to reform and stabilize an economically unimportant country that has little impact on U.S. security but where he believes a principle is at stake: the defense of democracy.

The president has labeled Haiti an "important" American interest, raising the largely altruistic project to a relatively high foreign-policy position, certainly in comparison with his Republican predecessors.

Mr. Clinton, in an interview Friday, said his administration had "learned an immense amount" from the experience of ejecting Haiti's military leaders but that the application of protecting "important interests" would still be "different from place to place" and hard to define for Americans.

"I think that while a lot of these situations may not be perfectly parallel, I think that we have learned a lot about how the combination of American diplomacy and American force,

working through the world community, can achieve a desired result and also develop public support within the United States for doing it," Mr. Clinton said.

In a stroke, Mr. Clinton's performance in the Gulf and in Haiti seemed to have calmed public concern about his foreign-affairs abilities. Doubts about going into Haiti have been eased considerably.

A new CNN-Time Magazine poll confirmed the entrenched public support for a strong stand against Mr. Saddam, with 61 percent agreeing that Mr. Clinton had done a good job handling the situation.

For the first time, a majority, 54 percent, approved of Mr. Clinton's handling of the Haiti situation, a number even the White House agrees could decline swiftly if the situation does not remain peaceful.

For the moment, the twin situations have alleviated some of the national skepticism about Mr. Clinton's foreign-policy expertise. Forty-eight percent of those surveyed approved of his handling of foreign policy, with 44 percent disapproving. It was not a hearty endorsement, but a far higher approval rating than Mr. Clinton had been receiving.

"The last six to 10 days have treated President Clinton very kindly," said Richard Wirthlin, a Republican pollster who also discerned a rise in Mr. Clinton's overall ratings as a result of the way the two foreign episodes have proceeded.

Members of Mr. Clinton's battered foreign-policy team, looking for respite from criticism, suggested that they had put up the long-awaited "points on the board" that will erase doubts about their competence.

"I would certainly be happy if it is perceived that way," Secretary of State Warren M. Christopher said.

Mr. Christopher has been the subject of reports that he will be forced from office by year's end. During a return trip from the Middle East on Friday, he listed his foreign-policy accomplishments, an unusual performance he described as "somewhat of a commercial."

He listed as signs of success progress toward peace in Northern Ireland, China's agreement to stop selling missiles abroad, and suggestions of progress in nuclear negotiations with North Korea.

HAITI: A Daunting Task

Continued from Page 1

sweeping economic sanctions have left the Haitian government "without a nickel to its name."

The United States and other donors have promised to help get things moving again, pledging more than \$1 billion in aid over the next five years. But "the pauperization of society" is so complete, said Kessler Phares, an economist for the Haitian Central Bank, and the economy so damaged that Haiti's ability to absorb that assistance is likely to be limited.

Another economist said, "It would be like trying to pour a gallon of water into a thimble."

Nevertheless, the pressure on Father Aristide to create jobs will be unrelenting. Haiti is the poorest country in the Western Hemisphere, with a per capita income of only \$250 a year.

Father Aristide's supporters also argue that he has to move quickly to dismantle the military apparatus responsible both for his overthrow and the three years of slaughter and repression that followed. He must work not only against the entrenched remnants of that power structure but also against the clock. He has only 18 months remaining in his term and, under Haitian law, cannot be re-elected.

The U.S. troops who began landing here on Sept. 19 have stripped the Haitian Army and police of the firepower they traditionally used to mount coups.

But the U.S. forces seem to have stayed away from many parts of the countryside, where 70 percent of the population lives, and to have missed some of the most dangerous private arsenals, controlled by the paramilitary militia members, known as *atchas*, who continue to be a source of alarm to Haitians.

"If we want to be a free, democratic society, disarmament



President Jean-Bertrand Aristide waving to well-wishers on his return to Port-au-Prince.

must be complete, and it must take place now," said Suzy Castor, director of a leading social policy research institute here. "If not, the attacks will regroup and return to their old methods" as soon as the U.S. troops leave.

The Clinton administration has said it wants to begin removing the U.S. troops, who have won enormous popularity and respect among the populace, and replacing them with a UN force as soon as possible.

Even after the U.S. troops leave, Father Aristide, who in his earlier, more radical days derided the United States as "the cold country to our north,"

will have to contend with the large number of U.S. diplomats, economists and other experts who have come here to help him build democracy. Some of his sympathizers say they fear the American presence will limit the president's ability to plot his own course.

"His hands are tied," a Latin American diplomat here said. "He has nowhere else to go, so he is going to have to cooperate with them if he wants to get the aid package he needs."

Though there will be demands on Father Aristide to do everything at once, he must run the country with "an extremely weak apparatus of govern-

ment," said Ian Martin, a Haiti expert at the Carnegie Endowment for Peace in Washington.

The state bureaucracy not only has decayed and been looted since 1991, but also is populated to a large extent by functionaries unsympathetic to the president and his program.

"Everybody says he has to take on the army and modernize it," said Anthony Mangot, a Caribbean scholar at Florida International University in Miami.

"But what about the telephone company, the state flour and cement companies, and the Central Bank? If he wants to rip these personalized companies out of the hands of those who control them, I say good luck."

Aristide Gets Down To Business, In Haiti

By Tod Robberson
and Douglas Farah
Washington Post Service

PORT-AU-PRINCE, Haiti

The mantle of terror that hung over Haiti for decades all but disappeared on Sunday after American forces re-established the democratic government of President Jean-Bertrand Aristide, offering residents their first opportunity to walk the streets without fear.

The capital exploded with foot traffic and market activity on Sunday after Father Aristide's first night in the National Palace since the 1991 military coup that forced him into exile.

Emerging from two nights of parties and revelry, Haitians resumed the daily business of survival while Father Aristide began deliberations on selecting a broad-based government aimed at fulfilling his pledge of national reconciliation.

Widespread fear of repression, bolstered by almost daily shootings and beatings by anti-Aristide thugs, had forced most Haitians off the streets at dark before Father Aristide's return.

Father Aristide remained behind a tight cordon of security. Government sources said he was being advised by U.S. security specialists to limit public appearances for at least the next 72 hours.

Roman Catholic Church officials said they had expected Father Aristide, who is a priest, to attend Mass at two Catholic churches on Sunday, but he failed to show up.

Instead, he consulted at the National Palace with leaders of both houses of Parliament on possible choices for prime minister, a choice diplomats say will be crucial in setting the tone for his presidency.

Meanwhile, the caretaker prime minister, Robert Malval, convened a four-hour cabinet session to assess the state of the nation.

Raymond Jenty, administrative director of the cabinet, said Father Aristide was conducting consultations with various political leaders to determine which of four or five front-runners would be most acceptable to take over the prime minister's job.

That seems to indicate that there have not been big changes in the government since then. Many analysts say that being formally appointed successor to his father, who ruled the nation for almost half a century, is the least of Mr. Kim's challenges. If he sticks to his father's policies, the economy will continue to sink and Mr. Kim will be in trouble. But if he liberalizes the economy, he will be seen as refuting his father's policies, which would also weaken his claim to power.

"North Korea is going through power succession Act 1," said Professor Yang. "We haven't seen Acts 2 or 3 or 4 yet."

ISRAEL: Gaza Border Reopening

Continued from Page 1

soon, but those with connections to the group's military wing would remain in custody. The police continued their search for what they described as a "hard core" of 50 to 70 armed militants.

Hamas, which once vowed it would never take up arms against fellow Palestinians, continued to threaten the self-rule authorities. In a leaflet, it accused Mr. Arafat's security forces of "making themselves Zionists" by leading Israeli authorities to the Hamas kidnappers at Bir Nabala.

Mahmoud Zohar, a Hamas leader, beamed scorn on Mr. Arafat in an interview, denying rumors that the two men had met. "I will never meet with Arafat as long as there is one Palestinian in the Palestinian jails," he said.

Israel's cabinet, which met Sunday, was divided over when to take the pressure off Mr. Arafat. Several ministers said the border should remain closed and the peace talks suspended to put pressure on the Palestine Liberation Organization leader to continue his crackdown on Hamas.

The Gaza border's reopening

means that some 28,000 Palestinians can return to their construction and agricultural jobs in Israel, an economic relationship on which both sides depend. Israeli officials said they expected the border to open Monday, and peace talks to resume in Cairo the following day.

Even so, the government repeated its message that Mr. Arafat must continue to choose between peace with Hamas and peace with Israel. Lieutenant General Ehud Barak, the army chief of staff, said that Mr. Arafat would have to crush the armed elements of Hamas militarily, and that if he would not do so, Israel would.

The Declaration of Principles, a framework for Palestinian self-rule worked out last year, forbids Israeli security forces to enter Gaza's autonomous areas except in joint patrols with Palestinians, or in hot pursuit.

Israeli radio reported that a "senior security source" asserted that the chief planner of Corporal Waxman's kidnapping remained in Gaza and had not been arrested. The planner, identified as Mohammed Abu Daif, is also known as Abu Khaleel.

IRAQ: U.S. Warnings

Continued from Page 1

the removal of the Republican Guard from southern Iraq. But when asked whether Washington would tolerate a delay of a few weeks or a few days, she responded: "days." She added:

"We recognize this area as vital to U.S. national interests and we will behave with others multilaterally when we can and unilaterally when we must."

Before the Security Council vote, near midnight Saturday, Russia appeared determined to block any vote until after Foreign Minister Andrei V. Kozirev could report to the council on his diplomatic efforts in the Gulf. Compromise language in the resolution welcoming the Russian initiative apparently satisfied Moscow.

Mrs. Albright said Sunday that she was not satisfied with the vagueness of the Iraqi assertions on Kuwait. To fully recognize Kuwait, she said, Mr. Saddam must sign a declaration. Iraq's Revolutionary Council must endorse it, Iraq's Parliament must approve it and it must be published in the government's official gazette.

GERMANY: Kohl Coalition Survives Voting, but Faces Parliament Losses

Continued from Page 1

ly a triumph for Mr. Kohl's Christian Democrats and their Bavarian sister party, the Christian Social Union. Projections showed the two parties winning a combined total of less than 42 percent of the vote, their worst performance since 1949.

The Party of Democratic Socialism, the former East German Communists, won only about 4 percent of the vote nationwide, which would normally not be enough to get into Parliament. But the party got nearly 20 percent of the vote in the East and a plurality in four electoral districts there, which entitled them to their full 4 percent share of seats in Bonn, up to 30.

A Democratic Socialism deputy, the author Stefan Heym, 81, is an American citizen and will apparently have the honor, as the senior member of Parliament, of opening the new session in November.

With both Mr. Kohl and Mr. Scharping dependent on smaller parties for a majority in what was expected to be a close race, much attention was focused on whether Foreign Minister Klaus Kinkel's Free Democrats

would beat a yearlong losing streak in state elections and make it into Parliament.

They did, according to early projections, but with less than 7 percent of the vote, down from 11 percent in 1990.

"We did it," a perspiration-drenched, hoarse but obviously much-relieved Mr. Kinkel told his supporters on Sunday night. "But it was incredibly tough."

Mr. Kinkel succeeded Hans-Dietrich Genscher as foreign minister and party chairman when Mr. Genscher resigned in 1992, and his campaign slogan expressed the truth: "This time, everything is at stake."

Mr. Kohl will continue in office until next month, when the new Parliament will meet in Berlin and, if early projections prove correct, re-elect him as chancellor with a much-reduced legislative support.

Whether Mr. Kohl should get yet another four-year term was the only real issue in the campaign.

It was universally described as the dullest campaign in years, without any personal mudslinging or rancor and too much debate between Mr. Kohl and Mr. Scharping. Foreign policy was hardly

mentioned, with both candidates pledging continuity and dedication to anchoring a united Germany in a more closely united Europe.

Mr. Kohl's stump speech acknowledged a few unspecified mistakes in the unification process, but the burgeoning prosperity he had promised voters in the formerly Communist East four years ago was definitely on the way, he said.

The Christian Democrats' campaign posters simply showed the chancellor wading through a crowd with a smile on his face.

For Mr. Scharping, who stepped down last week as governor of his native state of Rhineland-Palatinate to relocate to Bonn to lead the Social Democrats in Parliament, the campaign was a character-building experience.

Other experts cautioned that too much meaning should not be placed on Sunday's events. "It will calm some of the wild speculation about his personal

health," said Yang Sung Chul, professor of political science at Kyunghee University in Seoul. But, he added, "It's too early to suggest that he's in firm control."

North Korea's government-run press agency said Mr. Kim appeared at Sunday's ceremony in his capacity as chairman of the National Defense Committee and supreme commander of the army. Those are the titles he has long held.

Mr. Yu, the North Korean expert in Seoul, said the officials standing with Mr. Kim on the balcony appeared to be the same as those who had stood near him at the funeral in July.

KIM: North Korean Successor Makes Rare Appearance

Continued from Page 1

Jong Il will be named to at least one of the two top national posts fairly soon. One report circulating in Seoul is that members of the Central Committee of the Workers Party have been instructed to remain in Pyongyang after Sunday's ceremony, presumably to elect Mr. Kim formally as party chief. But such reports about what is supposedly happening in secretive North Korea often turn out to be wrong.

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MEALS: For the Global Gourmet, the 10 Finest Restaurants in the World

Continued from Page 1

was simply judging food as food.

The geographic makeup of the final list is perhaps no surprise: Three of the top 10 are in France, two more are so close they might as well be, and the top restaurant in America — Daniel — is run by a Frenchman. As it should be. For all its flaws, French cuisine remains supreme in its intricacy, depth, and sheer ability to please the senses.

The choice of one restaurant each from Hong Kong and Tokyo reflects the excellence of Asian cuisine, with all its complexity, freshness, purity. I selected two restaurants from Italy, the cuisine I find the most satisfying in the world. Would that the list could have gone beyond 10, for then the under-rated yet extraordinary cooking

of top chefs in Spain, Germany, and Britain would surely have been included.

Actually, of the two lists, the selection of the top casual tables was by far the more difficult assignment. With thousands upon thousands of trattorias in Italy and an equal number of bistros in France, where does one begin? The giant America — with dozens of cuisines and styles to choose from — all but defies comparison.

In the end, I put my sensory tester to work, reflecting upon George Germon's incomparable grilled pizza from Al Forno in Providence, Rhode Island, the gastronomic nirvana served up at La Tupina in Bordeaux, the intense layering of flavors found at Frontera Grill in Chicago.

So how does the world look one year later? Today's agricul-

ture, transportation, and the kind of demand that wealth creates make it possible for any ingredient to be on any table anytime, almost anywhere in the world. But few of the talented and proud chefs whom I met over the last year abuse that privilege.

In only one instance did I find a chef simply assembling luxury ingredients for the sake of bravado, and the restaurant was a bitter disappointment. Since the assignment was not to do a 10 worst list, the guilty one goes unpunished.

In general, I was encouraged by the high level of technical competence of the chefs I visited, as well as their talent, innate creativity and respect for native traditions.

While much of the world turns to Italy for satisfaction, to Thailand for titillation, to America when it thinks it wants

to be young and smart, one need not worry about the world palate merging toward a single taste. National appetites, traditions and customs are not about to give way to a single craving for Big Macs and Coke.

The tour was of course filled with surprises, disappointments, anecdotes. As I traveled, the sheer volume of food ordered in many restaurants alarmed some waiters. After one particularly hefty order at dinner in London, the waiter had just one question: "When was your last meal?" I dared not tell him I'd ordered just as copiously at lunch.

And now, to answer the question on many minds: The bathroom scale reports a two-kilo gain. At least there's something to show for it. So Dear Mr. Editor, perhaps it's time for a series on spas of the world?

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Iraq Notes UN Warning Without Reply

By Youssef M. Ibrahim

BAGHDAD — Iraq acknowledged a United Nations resolution Sunday warning it against future "hostile" actions toward Kuwait without much official commentary, but there were indications in the officially controlled press that Baghdad was willing to go along with the resolution. The articles of the resolution, which was approved by all 15 members of the Security Council on Saturday, were read over radio and television, a move whose frankness startled foreign diplomats and ordinary people. Iraqi media are normally heavily censored.

The Iraqi government had, in the previous few days, repeatedly taken the position that its armed forces were on a "routine" military exercise, which the United States had decided to do a plan to attack Kuwait. Baghdad said Washington was thus trying to prevent friendly members of the Security Council — particularly Russia and France — from exerting efforts to lift sanctions imposed since Iraq's invasion of Kuwait in August 1990.

Confirming this notion of Baghdad's

nonaggressive attitude, Iraq's minister of culture and information, Hamad Youssef Hammadi, told the nation's official press agency, INA, Sunday that the "military force whose presence in the south was the subject of the big storm raised by the Americans has moved to rear position after completing its training operation according to orders that have been issued."

Mr. Hammadi said the return of the Republican Guard units to their original positions further north "will be completed in a few days."

In reports on the UN resolution, Baghdad did not note that Russia succeeded in preventing the council from adopting a clause that would have obligated Iraq to inform the council of any troop movements toward the country's southern region 15 days in advance.

Government propaganda organs have portrayed the whole crisis as an attempt by President Bill Clinton to shore up his domestic position.

"The storm was stirred for reasons related to boosting his shaky popularity in American public opinion," an editorial in

Ah Thawra, a daily that reflects the views of President Saddam Hussein's ruling Arab Ba'ath Socialist Party said Sunday, reflecting a view that is widespread among ordinary Iraqis interviewed at random.

There were few restraints, however, about what Iraqi officials portrayed as the defection of several Arab governments from supporting Baghdad during the crisis, as they had done in 1990 and 1991. During that time, Jordan, Yemen, Algeria, Tunisia and the Palestine Liberation Organization openly sided with Iraq in its confrontation with the United States and its allies in the Gulf War.

King Hussein of Jordan was a major target of this criticism. In an article headlined "Et Tu Brutus," Al Jumhuriya, another daily that expresses Ba'ath views, castigated the king for his condemnation last week of Iraq's troop movements.

Nonetheless, the article reproduced the full text of King Hussein's comments, which were in several segments heavily critical of Baghdad's actions and in which the king vowed to stand against any new aggression by Iraq against Kuwait.

A PIECE OF THE ACTION: How the Middle Class Joined the Money Class

By Joseph Nocera. 464 pages. \$25. Simon & Schuster.

Reviewed by Christopher Lehmann-Haupt

OVER the past two decades, "we've been participating in nothing less than a money revolution," writes Joseph Nocera, a business and financial journalist, in his entertaining but uncritical cultural history. "Money revolution" is "not a term I use lightly," he continues. "When one recalls what the

financial life of the middle class was like 20 years ago — when thrift was the highest value, when the daily movement of the Dow Jones average had almost no relevance to our lives, when few of us knew what a mutual fund was, much less the distinction between, say, a growth fund and a balanced fund — it's hard not to conclude that the change has, indeed, been revolutionary."

How did the change come about that has permitted the middle class to spend and invest in a way that once only the wealthy could? Nocera traces the change to three major financial innovations: the widespread

acceptance of the credit card, which democratized debt; the rise of the mutual fund, which democratized investment; and the coming of the discount brokerage house, which democratized investment strategy.

What spurred these innovations, Nocera reasons, was a shift in the financial ethos of the average American caused by the great inflation of the late 1970s and early 1980s. The resulting decline in the value of money wiped away the lesson taught by the Great Depression of saving now and spending later and replaced it with the practice of spending now and paying later, with cheaper dollars. A climate of thrift gave way to one of extravagance.

This shift, along with the arrival of credit cards, mutual funds and discount brokers, built up a pressure that eventually blew away the legal barriers that once separated such entities as banks and brokerage houses, savings accounts and money-market funds. Once these barriers fell, the middle class rushed in to stay.

Nocera recounts how all this happened in what he aptly describes as a melding of history with journalism. What makes Nocera's narrative tick along so effectively, though, is his close-up portraits of figures like Charles Merrill, who dreamed of selling stocks to everyone but failed because he disliked mutual funds, and Dec Ward Hock, who evolved the Visa card and made it work; Edward Crosby (Ned) Johnson of Fidelity Management and Research, who thought up the idea of a money-market fund with check-writing privileges.

The result is particularly absorbing because it describes a series of events that most readers will find as familiar as mashed potatoes, yet it places them in a larger context that is well known only to those who follow the financial pages closely.

A minor flaw in the book is, paradoxically, that it tends to bogged down in good but beside-the-point drama, like the story of Ted and Nina Wang, two Hong Kong stock speculators who immediately after Black Monday, 1987, owed Charles Schwab & Co. \$84 million in unpaid margin calls. Nina Wang bargained the settlement down to \$67 million. Her husband was shortly thereafter kidnapped for a \$60 million ransom, \$30 million of which is said to have been paid by his wife, so he was never seen again.

Nocera holds that the money revolution he describes is "force for good" because "we have tools and resources at our disposal that were formerly unavailable to us, and we have been handed possibilities for making money that had always been out of our reach."

The trouble is that he fails to resolve that the spectacular piling up of debt as a consequence of a lingering inflation psychology.

The paradigm of this book may well be one Andrew Kahn, a brilliant analyst of the credit-card market, whose ideal customer would take 44 years and \$4,950 in interest to pay off a \$1,000 bill.

What "A Piece of the Action" never acknowledges is that if marketers like Kahn had their way, instead of rising into the money class, most of us would sink into the un-money class. As the old song puts it, we'd keep getting another day older and deeper in debt, and we'd owe our souls to the company store.

Christopher Lehmann-Haupt is on the staff of The New York Times.

Pact to Rescue Parched Land

100 Countries Sign Convention to Reverse Desertification

By Marlene Simons

PARIS — A plan drawn up two years ago at the Earth Summit to prevent agricultural land from turning into desert has been translated into an international agreement signed by some 100 countries here.

The Convention on Desertification focuses on the world's arid and semi-arid lands, which are steadily yielding less because of overgrazing, excessive planting, poor irrigation and deforestation linked to population pressures.

The erosion and exhaustion of the soil is considered most serious in Africa, where close to 75 percent of the arid land is already considered degraded. Over all, arid and semi-arid lands make up a quarter of the earth's landmass and sustain some 900 million people.

The convention, which will become legally binding for the signers in two years, establishes a "global mechanism" to coordinate projects to protect and rehabilitate lands and to find money for that purpose.

It urges governments to channel such money through the Global Environmental Facility, a fund that was created to finance projects dealing with worldwide environmental concerns like changes in the climate and the loss of species.

Desertification was an important topic at the Earth Summit in Rio de Janeiro, with African nations pressing for action on the issue from rich countries in exchange for

votes on issues more important to the industrialized world. With the convention, poor nations hope to revive interest in the issue and attract development aid.

At the signing ceremonies here on Friday, rich nations pledged little new money but committed funds for further exploratory studies. The United Nations estimates that \$10 billion to \$22 billion will be needed annually over the next 20 years to finance the rehabilitation of land and stem the decline in fertility.

Supporters of the convention generally agree that action is urgently needed to prevent mass migration from exhausted lands, which would create a need for emergency aid.

The United States is expected to pledge \$500 million initially, and other Western donors are expected to contribute as well. The donors refused to set up a new global trust fund, as requested by poor countries, saying that existing development funds could be applied more effectively. The global mechanism will be used to locate and channel such financing.

Word that only modest new funds would be forthcoming angered many representatives from the developing world.

"We have to realize that environmental degradation is as much of a threat to the planet and civil society as war," said Kamal Nath, the environment minister of India. "And we have to combat it with as much vigor."

27 Still Detained, Saudis Say, After 130 Are Released

Reuters

DUBAI — Saudi Arabia said Sunday that it was still holding 27 of the 157 people it arrested recently for threatening the security of the kingdom and sowing dissent.

An Interior Ministry statement, carried by the official Saudi Press Agency, said the other 130 detainees had been released after they admitted to offenses and promised not to repeat them.

Saudi Arabia said in September that it had arrested 110 people in connection with attempts to sow dissent and chaos. The statement Sunday said that those detainees had led to others, reaching a total of 157.

"The investigation with those who are less responsible, numbering 130, ended, and they confessed to the mistakes they made and their actions against the security of the state," the statement said. It added, "They regretted that and pledged not to repeat what they did and they were released."

The remaining 27, it said, "some of whom played major harmful roles, are still under investigation."

WHAT THEY'RE READING

• Leonard Koren, an author living in Tokyo and San Francisco, is reading "Imaginative Qualities of Actual Things," by Gilbert Sorrentino.

"It's a novel that's a deconstruction of the typical novel. He makes the characters as flat and cardboard-like as possible. You're basically watching the backstage mechanics of writing." (Steven Brill, IHT)



BRIDGE

By Alan Truscott

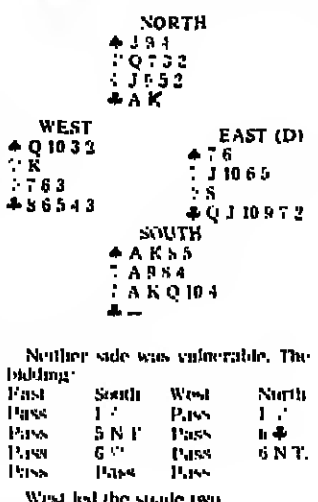
THE diagram shows the most dramatic deal in the World Mixed Pairs final. Most pairs arrived in a contract of six hearts, which was doomed by the bad trump split. A few avoided that fate, however, and one was John Swanson of Mission Viejo, California, who held the North cards. After he had responded heart to one diamond, his partner, Carol Sanders of Nashville, leaped to five no-trump. This was a grand slam force requiring a bid of seven hearts if North held two of the top three trump honors.

Six clubs showed the queen of trumps and South settled in six hearts. But Swanson thoughtfully converted to six no-trump, judging that that contract would be as good as six hearts, and perhaps better. He knew that his partner's hand must contain a void club and enormous strength in the other suits.

After a spade lead, South was able to make three spade tricks, two hearts, five diamonds and two clubs. A club lead would have been more difficult, but South would, perhaps, have prevailed: Cashing the heart

ace would have revealed the position in that suit, and would have forced South to work on spades for a 12th trick.

A few pairs reached the difficult contract of six diamonds. After a club lead, the slam could be made by discarding spades on the club winners and maneuvering a spade ruff in the strong hand. After drawing trumps, the play of the heart ace followed by a duck endplayed the East player.



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Sri Lankan City Caught in Crossfire

Jaffna, Under Siege by Army, Ruled by Brutal Rebel Regime

By John F. Burns

New York Times Service

JAFFNA, Sri Lanka — After years under siege, this old colonial city in a far corner of Asia has become a sad vestige of blasted buildings and ripped-up rail lines, of flickering kerosene lamps and tinkling bicycle bells.

For nearly five years, the 750,000 people who live in the windswept Jaffna Peninsula on the northern tip of Sri Lanka, almost all members of the Tamil ethnic group, have lived without electricity, without telephones, and with scarce supplies of food and fuel.

Even the railroad line to other parts of Sri Lanka is gone, its ties chopped for firewood and its rails melted for scrap.

Surrounding Jaffna are Sri Lankan government forces, which have used bombing raids, artillery salvos and naval attack boats to strike homes, churches and flotillas of small boats that try to flee the siege.

But what seems to instill the most fear in one of the world's longest-running and most brutal ethnic wars is the rebel group that rules here, the Liberation Tigers of Tamil Eelam, which has built one of Asia's most repressive societies.

The fear is acknowledged, obliquely, even by top Tiger officials.

"We are a small guerrilla organization fighting for the rights of a small people," said Anton Balasingham, the chief spokesman for the rebel group. "So we have had to utilize certain extraordinary methods in our style of war."

Human rights groups say Tiger rule has been built on arbitrary arrests and torture, disappearances and assassinations. Similar practices have flourished on the other side of the conflict, where

death squads formed from the Sri Lankan Army and police have operated for years.

Most estimates put the combined death toll among civilians at 40,000, perhaps more, in addition to the 20,000 to 30,000 combatants who have died on both sides since 1983.

But where the Tigers are unique is in their reliance on what amounts to a children's army. Tiger leaders have recruited boys and girls as young as 11, sending them into battle equipped with "suicide capsules," glass vials of potassium cyanide on cords around their necks to be taken if they are threatened with capture.

At Tiger war cemeteries, headstones show many fighters who were not yet teenagers when they died, only a few older than 18. At street corners throughout Jaffna, there are shrines to dead Tigers consisting of life-size cutouts of teenage fighters killed in battle.

Moving about Jaffna in sullen-faced groups, young fighters spread an atmosphere of anxiety. When a truckload of guerrillas carrying Chinese-made automatic rifles stopped beside a row of food stalls in the city, adult shoppers fell silent. Many hastened away.

Asked why, one middle-aged man replied curtly. "Can't say." A woman companion placed a finger to her lips, saying, "The facts must rest in our hearts."

The Tigers are the survivors of a violent rivalry among militant groups acting to avenge decades of grievance among the country's 3 million Tamils.

After independence from Britain in 1948, succeeding governments in Colombo, the capital, passed measures that gave privileges in education, government employment and language to the coun-

try's Sinhalese majority, who make up three-quarters of the population of 17 million.

Since the rebellion began among Tamils in 1983, Jaffna has known little peace, but recently there has been fresh hope. In a conciliatory gesture, the newly elected government of Prime Minister Chandrika Bandaranaike Kumaratunga has begun raising the possibility of creating an autonomous Tamil homeland in northern Sri Lanka that would have its capital in Jaffna but would remain linked to the rest of Sri Lanka in a federation.

Velupillai Prabhakaran, the Tiger leader, has hinted that he may be ready to settle for less than an independent Tamil state.

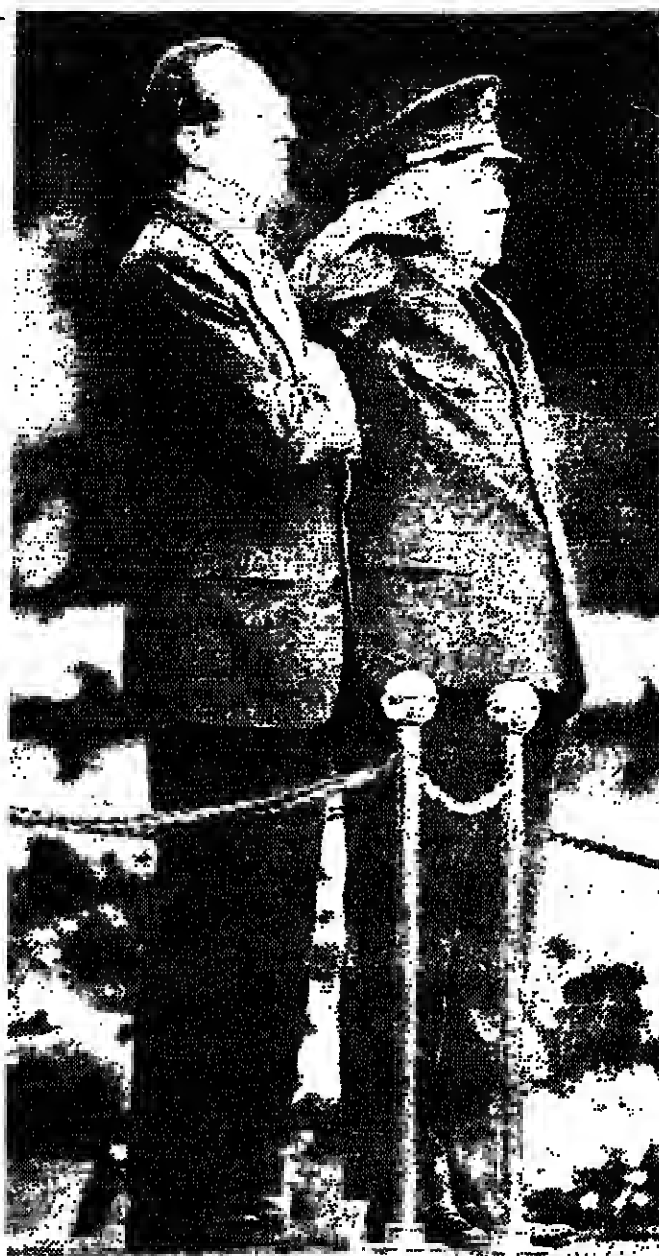
"We want a peaceful solution, one that will make our people secure," said Mr. Balasingham, the rebels' spokesman. "We know we cannot go on like this forever."

On both sides, the urge for peace seemed pervasive. Government troops at the air base said conditions were barely tolerable, with intense heat for much of the year and malaria epidemics.

"We can't beat the Tigers," one officer said. "All we can do is to try and hang on."

In Jaffna, too, war weariness is strong. Along streets made gap-toothed by bombing and artillery, many people compared conditions under the siege to the battles involving colonial conquerors that went on for hundreds of years.

"We are living in the 18th century," said Vincent Selvanayagam, 62, a notary, who makes his living typing documents on a battered Olivetti in a storefront in Jaffna's center. "We have come to the tiger's end."



Mr. Perry and Mr. Chi paying homage Sunday in Beijing.

With Perry's Arrival, U.S.-China Thaw Expands to Military

By Steven Mufson

Washington Post Service

BEIJING — The thaw in U.S.-Chinese relations continued Sunday with the arrival here of Defense Secretary William J. Perry, the second cabinet member to visit since President Bill Clinton eased tensions with Beijing by severing the link between human rights and trade in May.

Unlike Commerce Secretary Ronald H. Brown, who delivered a sales pitch for American companies during an August visit, Mr. Perry has diplomatic objectives.

He aims to renew ties with the Chinese military because it is an important player in Chinese politics and because Washington and Beijing share security interests ranging from arms control to defense conversion, Pentagon officials say.

Mr. Perry's mission is a sensitive one, both in the United States and China.

In the United States, human rights advocates have condemned the restoration of military contacts, which were cut in 1989 after Chinese troops opened fire on pro-democracy demonstrators around Tiananmen Square.

Other critics have raised concerns about China's exports of sensitive missile technology to Pakistan and other nations. That criticism comes despite an accord signed in Washington this month by Foreign Minister Qian Qichen in which China promised not to sell medium-range missiles abroad.

One indication of the political sensitivity of Mr. Perry's visit: Whereas Mr. Brown brought 25 corporate chief executives with him to promote deals, Mr. Perry has brought two key senators: the chairman of the Armed Services Committee, Sam Nunn, Democrat of Georgia, and the committee's ranking Republican, John W. Warner of Virginia.

"I will stress," Mr. Perry said, "that the military relationship is bounded by the political context, which includes human rights, and that security problems caused by proliferation damage the mutual security interests and bilateral relationships." He spoke to reporters

while flying from Kuwait to Beijing, Reuters said.

Mr. Perry encounters a military in flux. The 3.2 million-member People's Liberation Army is re-examining its strategy, outdated equipment and relationship to the Communist Party — issues that have intensified in the five years since the suspension of U.S.-Chinese military cooperation. Moreover, China's newfound confidence, from economics to sports, has fanned nationalist sentiment embracing the military.

Mr. Perry reviewed Chinese troops with Defense Minister Chi Haotian outside Beijing's military museum on Sunday afternoon.

"These meetings will help our two militaries to build understanding and trust that have been missing for too many years," he said later in a dinner banquet toast. "By building this understanding and trust we can make China, America and indeed the whole world more peaceful and more secure."

Mr. Chi raised a toast to "friendship and cooperation between our two countries."

Chinese military leaders have an agenda for Mr. Perry's visit that sources in Beijing say has little in common with the American's.

First, they want to mend the rifts that followed the 1989 crackdown. Some observers see Mr. Perry's visit as a vindication of China's supreme leader, Deng Xiaoping, who following the killings shrugged off foreign criticism and the damage done to relations as temporary.

In addition, said a regional military attaché in Beijing, "The Chinese want to regain what they see as their rightful position in the world — that is to say a position as an international power."

The Chinese effort to regain status is driving shifts in strategy, arms purchases and spending. On the strategic front, the military wants to move away from a defensive, land-based force, which was the bedrock of Mao's notion of "people's war."

Instead, the army wants to develop the ability to move troops more effectively and quickly by air and sea.

Extra Talks Held, but Pact Eludes U.S. and North Korea

Compiled by Our Staff From Dispatches

GENEVA — Negotiators from the United States and North Korea held two hours of unscheduled talks Sunday on easing nuclear tensions, but they reported no movement toward a settlement.

"There is no progress to report, and we have not set plans for further meetings," said the chief U.S. negotiator, Robert L. Gallucci.

But Defense Secretary William J. Perry, arriving Sunday in Beijing for talks, said an agreement could still come as soon as this week.

Mr. Perry described the Ge-

neva negotiations as moving toward a "very complicated" and "very far-reaching" agreement that would entail "working with the North Korean for years and years to come."

He did not elaborate.

Mr. Gallucci met informally with his North Korean counterpart, Kang Sok Ju, on Sunday, although no meeting had been planned. The two sides had seemed close to a breakthrough Saturday, but the talks ended acrimoniously.

A spokesman for the North Korean Foreign Ministry, Ho Jong, said the U.S. delegation

had raised an "unacceptable and abnormal position."

"Therefore the discussions became very serious and divisive," he said.

Neither side explained why the talks had stalled. In Seoul, South Korean officials said the United States was demanding that North Korea open up dialogue with the South as part of the agreement.

North Korea says any dialogue between the two Koreas is an inter-Korean issue that does not concern the United States.

South Korea says Washington is making too many conces-

sions to the North. Seoul was particularly concerned by reports that North Korea might be allowed a five-year breathing space before opening up two suspected nuclear waste sites to international inspections.

North Korea has continually balked at opening the sites, which it claims are conventional military facilities. The West believes they could contain proof that North Korea has been making nuclear bombs.

The weekend reverse had come after increasing signs that a deal was close that would formalize and flesh out an outline accord reached in August.

Under that accord North Korea agreed to freeze its graphite reactor construction program and close its one experimental reactor if the United States created a consortium of nations to provide it with much more costly light-water reactors.

Sticking points in the negotiations have included a North Korean demand for \$2 billion in compensation for power lost during the freeze.

The United States, supported by South Korea and some international specialists, insists that Pyongyang provide convincing assurances that it has not di-

verted plutonium in the past to make nuclear devices.

The International Atomic Energy Agency, the United Nations nuclear watchdog, says the sites at Yongbyon north of Pyongyang could provide evidence of whether the Communists had already worked on nuclear weapons.

The United States has said that, as part of an overall deal, Pyongyang must formally commit itself to allowing the agency to take a detailed look at Yongbyon. North Korea says it will ensure "transparency" once the new technology is installed.

(AP, Reuters)

THE AMERICAN EXPRESS

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THERE IS ONLY ONE AMERICAN EXPRESS.

Charles Tells All in 'Authorized' Book

By Fred Barbash
Washington Post Service

LONDON — The "authorized biography" of Prince Charles, written by a friend with his cooperation, made its debut on Sunday.

It is a woeful, self-justifying, self-pitying story of a lonely childhood, a remote and relentlessly demanding father, a marriage into which Charles was browbeaten and which, by this account, fell apart despite his best efforts to cope with Diana's bewildering neurotic behavior.

The Sunday Times published the first installment of three weeks of serialization of "The Prince of Wales," by Jonathan Dimbleby, a broadcaster and journalist. The book will be published Nov. 3.

The paper reported that Prince Charles cooperated with the book, turning over intimate letters and journals, and checked its factual accuracy.

It is his story, the paper said. Since Princess Diana's bizarre behavior has already been reported, the revelation receiving the most attention here is that Prince Philip, the Duke of Edinburgh, rushed Charles into the marriage in 1981 out of concern that Diana's reputation, and that of the royal family, were being compromised by her frequent presence with Charles at Balmoral Castle.

"The prince interpreted his father's attitude as an ultimatum," the book says. "In what he confessed was a 'confused and anxious state of mind,' the prince tried to reconcile himself to the inevitable and went ahead."

Diana's strange behavior began after they became engaged and after she moved into state apartments in preparation for marriage. She felt "trapped and frightened," the book says, and became hostile and demanding, suspicious about whether Charles had broken off his previous relationship with Camilla Parker Bowles.

"The prince," says the book, "was not prepared for this transformation. Having known only the 'jolly' girl who had enlivened Balmoral six months earlier, he was baffled to discover her sudden shifts in mood — her 'other side' as he referred to it. He put it down to the strain of media attention."

After the marriage, her "confusion and uncertainty" continued. She had "bouts of unhappiness" and would "sit hunched on a chair, her head on her knees, quite inconsolable."



Charles arriving Sunday for church services at Balmoral.

"Yet she scoured every tabloid newspaper for photographs of herself, as if hoping to discover her identity there," the book says.

"Even the Falklands campaign failed to arouse her curiosity," the book says, referring to Britain's war with Argentina over the Falkland Islands. It adds, "Indeed, she seemed to resent the interest being shown in the Falklands rather than in her."

Diana grew increasingly depressed and jealous and was subject to mood swings and feeble attempts at self-destruction, the book says, at one point hurling herself down a staircase.

Charles "watched her tears flow and, on one occasion, he had sat much of the day alone with her, bowed in silence, apparently insensible to his presence."

Later, the book says, he wrote that he was in "total agony about the situation and I don't see how much longer one can go on trying to sweep it under the carpet and pretend nothing is wrong."

He added, "It is like being trapped in a rather desperate cul-de-sac."

Of course, it did not stay un-

der the rug. The couple, who have two children, are now separated. Charles has gone on television confessing that he became unfaithful, but only after

the marriage had deteriorated. And a former army major caused a sensation recently by publishing an account of what he described as a torrid affair with Diana before the separation.

There have been suggestions from constitutional scholars that Parliament deny Charles succession to the throne, in favor of one of his sons.

Some observers suggested that his television interview and this book are attempts to protect his position in line by blaming everyone else for the couple's troubles.

Much attention focused here on Sunday on the book's account of Charles's boyhood relationship with his father and mother, Queen Elizabeth. Philip was described as disappointed that his son was "soft," a bit of a wimp, unathletic and disinterested in horsemanship.

"The small boy was frequently brought to tears by the mocking banter" of his father, particularly at social gatherings, the book says. Nor did he find comfort in his mother, who he describes as aloof and deferential to Philip in matters involving Charles.

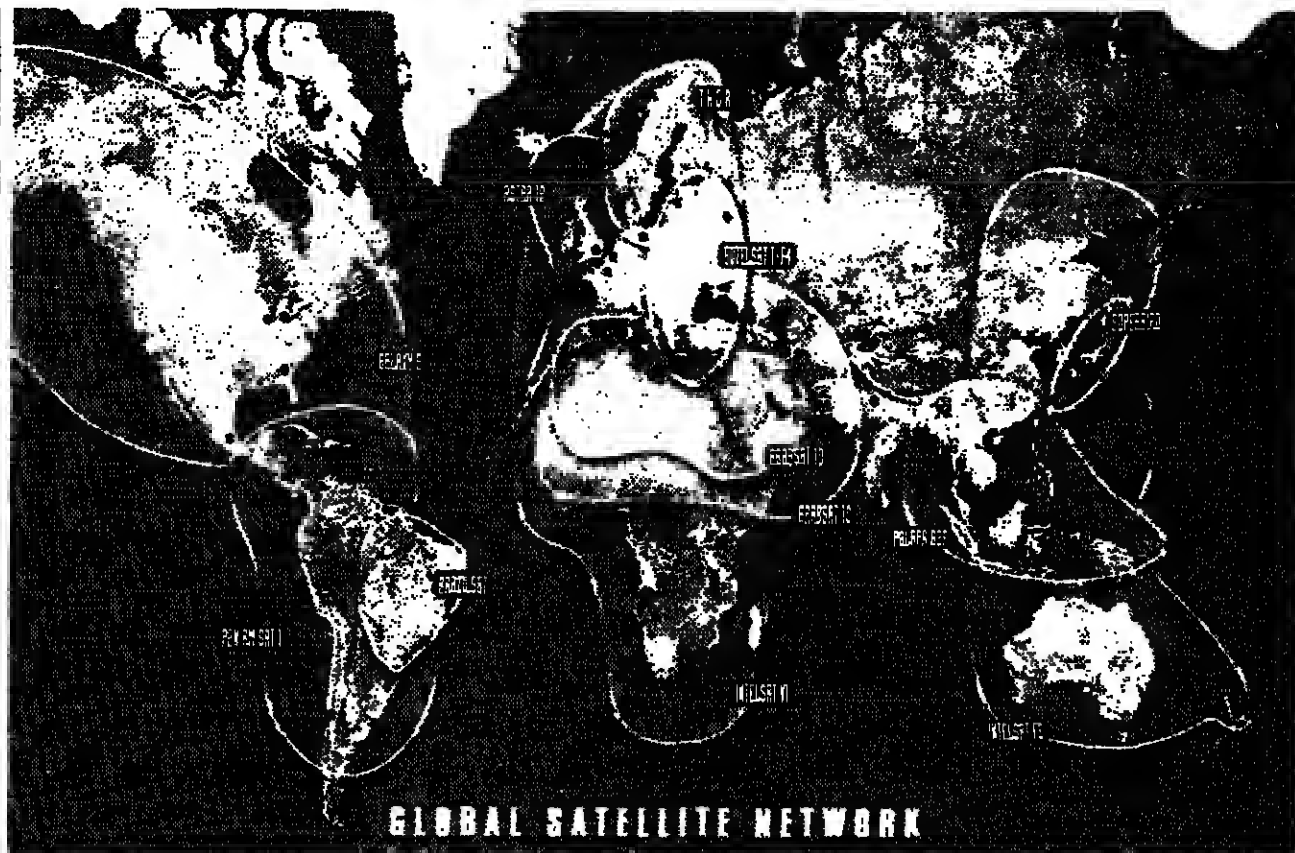
As he grew into manhood, they grew even further apart. Charles felt "squeezed and guilty that by choosing the library rather than the horse, it seemed he had in some indefinable way let his family down."

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A Prize to Encourage Peace

There were three winners of the Nobel Peace Prize announced on Friday, but only one, Yasser Arafat, has generated all the controversy. Let it not be forgotten that Yitzhak Rabin and Shimon Peres were also honored for their contribution to the most important peacemaking development of the last year, the framework agreement between Israel and the PLO.

Prime Minister Rabin and Foreign Minister Peres both played key roles in securing the peace agreement, and the Nobel Committee was right to have them share the honor. The two fought bitterly over the leadership and direction of Israel's Labor Party for many years, but they set aside their differences, and Mr. Rabin's well-earned skepticism about PLO reliability, to seize a historic opportunity for peacemaking. In doing so, they at first responded to and then went on to lead a dramatic change in Israeli public opinion.

Mr. Arafat has spent most of his adult life leading a terrorist organization pledged to Israel's destruction. But last year he put his reputation and life on the line to work for a peaceful resolution of the long Israeli-Palestinian conflict. Of course, a peace agreement is not yet peace. The crisis over the abduction of the Israeli soldier Nachshon Waxman by Hamas extremists, leading to Friday's tragically failed rescue attempt, illustrates the continuing vulnerability of peace efforts.

Some argue that only pacifist saints, healers or nonviolent crusaders like the Dalai Lama, Mother Teresa or the Reverend Martin Luther King Jr. should win the Nobel Peace Prize. But there is value also in honoring more worldly political leaders — even former terrorists — who have taken an important and courageous

turn toward peace. Such awards can encourage persistence in a difficult, long-term process, strengthen the hand of former terrorists like Mr. Arafat against present-day terrorists like the Hamas organization, and set a positive example for future converts from the path of violence.

This is not the first time the committee has ignored the wartime past of candidates to honor their later deeds. In 1973 the prize was awarded to Henry Kissinger and Le Duc Tho of Vietnam for agreeing to end a war they had previously helped conduct. The 1978 co-winners, Menachem Begin and Anwar Sadat, were also chosen for switching course from war to peace. Mikhail Gorbachev, who won the 1990 Peace Prize for dismantling a police state and liberating a captive empire, was also responsible for waging war in Afghanistan and authorizing deadly repression in the Caucasus and the Baltics.

Such mixed careers and late-life changes reflect the career of the prize's creator, Alfred Nobel. Although neither terrorist nor politician, he started out as a munitions maker, earned his first Swedish patent for a method of making gunpowder and made his name and fortune from inventing and manufacturing lethal explosives, including the old terrorist standby dynamite. Yet he is now remembered mainly for endowing the various Nobel prizes, including a peace prize.

For all his past outrages and present equivocations, Mr. Arafat, the former terrorist, along with Mr. Rabin, the former general, and Mr. Peres, the former champion of Jewish settlement in the occupied West Bank, have made this year's most notable contribution to peace.

—THE NEW YORK TIMES.

A Change for Brazil

Brazil now seems to be taking off on a burst of growth that can place it firmly among the world's major industrial powers. Its economy is growing strongly, and the man who devised the current economic policy as finance minister has just been elected president. It is the first time in a generation that Brazil has known strong economic performance under competent democratic leadership. For decades, Brazil has puzzled outsiders as a country that produced a less good life for most of its people than it was clearly capable of doing. It may now be entering a period in which the gap between potential and reality is at last diminished.

The reasons why a country chronically falls short of its economic potential are always instructive. In Brazil's case, one clue is the extremely high inflation that in recent years seemed to be turning into a national tradition. But behind the inflation were other bad habits, such as protectionism and a pattern of running large parts of the economy for the benefit of a few people with political influence. Over the decades, that led to grossly unequal distribution of income — the most unequal of any large country in the world — and great concentrations of wealth. That inequality has been the cause of the coun-

try's political instability over the years.

But Brazil is changing. The presidential election this month was the third since the military junta collapsed nearly a decade ago, and despite many crises and disappointments since then the democratic process seems well established. The winner in this election, Fernando Henrique Cardoso, believes that an expanding economy is the necessary base for social reform. That was the crucial difference between him and the populist candidate he overwhelmingly defeated.

Mr. Cardoso understands clearly that inflation is an enemy that has to be fought; under his plan, the inflation rate has fallen from 50 percent a month in June to less than 2 percent in September.

He has promised to open Brazil's protected markets and push the privatization of state enterprises. That will not be easy, for it is an assault on all the highly profitable alliances between businesses and the old-style politicians. But Mr. Cardoso has been attentively watching what has happened elsewhere in Latin America when markets have been opened to competition. Now Brazil has voted by a decisive majority to turn itself in the same direction.

—THE WASHINGTON POST.

Don't Get Stuck in Haiti

For the overwhelming majority of Haitians, the return of President Jean-Bertrand Aristide is a joyous occasion. For a small but important minority, particularly among the economic and military elite, it is a nightmare come true. For President Bill Clinton, it is a foreign policy victory but by no means an unclouded one. It took three years, many policy reversals and finally a dubious use of U.S. military force to get to this point. The road ahead could be even more militarily treacherous and politically complicated.

These cautions take nothing away from Father Aristide. He won Haiti's first and only democratic election overwhelmingly. Although he then needlessly antagonized political allies and spoke in ways that seemed to countenance mob violence, his seven-month tenure was marked by fewer human rights violations and fewer boat people than any comparable period in modern Haitian history. After the military ousted him in a September 1991 coup, his supporters never deserted him; they suffered for him and kept dreaming of his return. Now he calls for reconciliation, justice and an end to bloodshed.

But the very novelty of Haitian democracy means that there are no institutions to carry out orderly change and to reassure members of the old elite that their rights and even their lives will not be sacrificed. No court system worthy of the name exists. The only forces of order that Haiti ever knew were partisan defenders of the old regime.

Now that these have been broken by American power, only unreliable recruits of dubious loyalties are available to re-

place them. The Clinton administration must steel itself against any temptation to move into this vacuum. U.S. troops must try to limit their involvement in police activities while an interim UN peacekeeping force is recruited and trained.

That will be harder than ever now that Lieutenant General Raoul Cédras and his cronies have finally gone and Father Aristide has physically returned. Even if President Aristide heads U.S. pleas to put aside his radical electoral mandate, his supporters have high expectations and may be tempted to take matters into their own hands. So may his enemies. If property owners recruit armed men to defend their estates from vigilante seizure, should U.S. troops try to disarm these private defenders? If so, should the Americans protect these threatened estates themselves, using deadly force if necessary? Anything Washington does or does not do in such circumstances would have serious repercussions both in Haiti and at home. The best thing the Clinton administration can do is to keep the U.S. military mission limited and brief.

The United States has a human interest in helping Haitians out of their pain and misery. So long as the new government lives up to its promises of democracy, reconciliation and human rights, Washington should be generous with aid and technical support. But with an elected government now in charge and no real U.S. national security interests at stake, the U.S. military occupation, never a good idea in the first place, must be wound up as soon as possible.

—THE NEW YORK TIMES.

Now Follow Up With a Drive to Bring Down Saddam

By Jim Hoagland

Washington — The American show of force that pushed Saddam Hussein's marauding troops and tanks back from the Kuwaiti frontier should be prelude, not finale. The Clinton administration must follow up this modest success with a military and diplomatic campaign to bring down the Iraqi dictator.

America has the military capability, the moral obligation and sufficient economic national interest at stake to protect Iraq's citizens and its neighbors from the criminal regime that holds power in Baghdad. The Clinton administration should not be deterred from doing that by abstract arguments about Iraq's "territorial integrity" or by the new obstructionism of France and Russia in the Gulf. Americans should show every erect statue to Saddam for all that he has done for America's role in the world. His aborted military thrust toward Kuwait brought Washington's attention back to the unfinished conflicts of the Gulf, which have not been calmed by the Nobel Prize-winning diplomacy of an Israeli-Palestinian peace accord.

Bill Clinton has been newly reminded that the Gulf and its oil supplies form the Achilles' heel of foreign policy for modern American presidents. Misadventure in Somalia or Haiti will damage you. Mistakes in the Gulf that cause gas lines will destroy you. The Gulf is in America's economic

and political hemisphere as certainly as Haiti is in its geographic hemisphere.

Saddam's desert excursion also exposed the changes in French-U.S. relations and the withering of Russian-American cooperation on global affairs that President Clinton now confronts. The unchallenged authority that the United States has exercised in the Gulf since Operation Desert Storm is eroding as the global political climate changes.

This became clear when France openly opposed the admirable idea floated by Defense Secretary William Perry of establishing a demilitarized zone in southern Iraq. Mr. Perry's counterpart, François Léotard, brazenly accused the Americans of playing politics with the crisis and said Saddam had done nothing wrong by moving his troops around in his own country.

Gaullists are poised to take complete power in France when the ailing Socialist president, François Mitterrand, steps down in a few months. French diplomacy could then revert to the anti-American, pro-Saddam, oil-centered policies that prevailed before Mr. Mitterrand. French oil companies, eagerly seeking new opportunities in the rogue regimes of the Middle East, expect to win privileged positions under Saddam if sanctions are lifted.

Russia, which holds billions of dollars in IOUs from Saddam, rushed in to propose lifting UN sanctions in return for Saddam's conditional recognition of the Kuwaiti frontier. The changes in the French and Russian attitudes underscore the need for a bold American initiative along the lines of the Perry plan to rectify the errors that George Bush made at the end of Operation Desert Storm.

The senior Bush officials who formed the Deputies Committee to manage crises had drawn up plans for a demilitarized zone in southern Iraq to deter the kind of operation by Saddam that triggered last week's costly and distracting dash by 30,000 American soldiers to the Gulf. But Mr. Bush and Secretary of State James Baker let themselves be talked out of it by General Norman Schwarzkopf, who was eager to get out of Iraq with his reputation as a conquering hero at its height.

Also opposed were Bush foreign policy officials who feared that detaching part of Iraq from Saddam's control would cause the country to fragment and open the way for Iranian control of the south.

Saddam has used the control granted him by Mr. Bush to implement genocidal campaigns against the Shiite Muslim population of the south. "Territorial integrity" in Iraq's case is simply a license for the murder, on a massive scale, of Saddam's

opponents. U.S. policymakers seem to condone this death sentence because of the unproved premise that the Shiites would quickly fall under the control of the mullahs in Tehran if Saddam goes.

The Iraqi excursion gives Mr. Clinton a golden opportunity to beef up U.S. air power in the region and to zap Saddam's forces if they remain in the south, whether a formal demilitarized zone is declared or not. Authority for such air strikes already exists in United Nations resolutions.

The brief period in which American power could best be exercised in the Gulf through a multinational coalition is ending. On Iraq, the international environment will now be competitive, rather than cooperative.

Americans must respond to that change by being clear about their own interests, which in this case parallel the interests of Iraq's abused citizens and of global peace. Those interests can be served by keeping sanctions on Iraq as long as Saddam is there and increasing U.S. clandestine efforts to topple him.

Mr. Bush caved to the generals and refused to make Iraq's south a no-go zone for Saddam's butchery. Mr. Clinton and Mr. Perry cannot turn back the clock, but they can make sure that they do not let Saddam get away with mass murder once again.

The Washington Post.

Russia: High Time for a Tough Program of Currency Stabilization

By Jeffrey Sachs

Cambridge, Massachusetts

After the forced resignation on Friday of the chief of Russia's central bank, Viktor Geraschenko, some credibility may be restored to the ruble — if the Parliament does not restore him to office. But the ruble's wild gyrations may well produce a new round of political instability.

And that is not all. Even if the ruble is stabilized at its Friday close of 2,988 to the dollar, there will still be a tidal wave of inflation as prices adjust to the ruble's loss of value since August. Inflation surely will soar to more than 10 percent a month from the 1994 low of 5 percent in August.

The general cause of the ruble's downward trend is easy to pinpoint. After pursuing a tight monetary policy for half a year, the government and the central bank flooded the market with new credits in the last three months to cover the government's budget deficit

and relieve favored enterprises of bulging debts. These credits immediately found their way into the foreign exchange market, causing the ruble to lose value.

From Sept. 22 to Oct. 10, the value of 1,000 rubles fell from 46 to 34 cents. The next day, Black Tuesday, the value collapsed to just 25 cents. By Friday the ruble had rebounded to about 33 cents.

The specific cause of last week's dramatic collapse is hard to fathom. One view in Moscow attributes it to market panic caused by a growing perception that the bank had stopped selling dollar reserves to support the ruble.

Another theory in Moscow, equally plausible, is that the collapse on Black Tuesday was actually concocted by the central bank, which misjudged the public's fury at its inflationist policies, and then backpedaled. In

this view, the bank's goal was to transfer income to politically powerful exporters via a weaker currency as well as to inflate away the value of ruble debts of the government and key enterprises.

Although bizarre, this interpretation has its merits. The former central bank chief, Mr. Geraschenko, has been a relentless inflationist. He has always been ready to run the bank's printing presses to benefit political patrons and has never been shy about confiscating the public's savings through inflation or even the cancellation of currency notes.

His most powerful backer has been Prime Minister Viktor Chernomyrdin, whose main political base is Gazprom, the state gas monopoly and the country's largest exporter, and therefore the primary beneficiary of a cheaper ruble. When President Boris Yel-

sin exploded in fury at the collapse of the currency and called for Mr. Geraschenko's head, the prime minister rushed back from his vacation and reportedly tried to protect the central bank chief.

Whichever interpretation is correct, a more fundamental point is clear. Russian monetary policy has been in the hands of a few powerful people who understand little and care little about normal monetary policy and instead view central bank credits as a resource to be manipulated at will for short-run advantage.

The IMF, which should know better, has played into this personalism relentlessly by designing its recommendations to give maximum freedom of maneuver to senior Russian officials while providing for minimum scrutiny.

I was Mr. Yeltsin's economic adviser until January, when I resigned because I thought that neither the government nor the West

was on the right track to achieve real financial stability. And I wrote in March in the Financial Times of London that "almost no stabilization program in history has worked the way the IMF recommends in Russia."

The most successful anti-inflation programs in the past decade — in Argentina, Bolivia, Brazil, the Czech Republic, Estonia, Israel, Mexico, Poland — have all worked by establishing a few simple rules of monetary policy that can be easily monitored.

The central bank should begin a political independence and a clear mandate to preserve the value of the currency. The bank should stabilize the market value of the currency relative to the dollar or some other international currency. It should limit central bank credits to maintain the exchange rate target. Compliance with the rule should be evaluated at short intervals by monitoring the market exchange rate and the foreign currency reserves.

What the Russians and the IMF have failed to understand is that such clear rules would speed economic recovery by bolstering confidence in the currency, thereby allowing the interest rates to come down to reasonable levels.

Under the Russian-IMF approach, because confidence in the ruble was so low, interest rates had to be held at 15 percent a month to encourage Russians to hold rubles rather than black market dollars. After a few months of such punishing rates, it was not surprising that the Russians abandoned the IMF program last summer.

Both an exchange rate rule that was honored and lower interest rates would do more for Russian enterprises than all of Mr. Geraschenko's inflationary credits over the past two and a half years.

Fiscal reform must accompany monetary reform. Russia's tax system is a mix of punitive marginal tax rates, gaping loopholes, flagrant evasion and administrative neglect. Russia urgently needs a tax system with broad-based taxes and low marginal tax rates along with tough tax administration.

The ruble crisis may finally wake up Russians and the West to bedrock realities. The IMF should stop backing the economic policies of individuals and instead promote a program of currency stabilization based on tough and transparent rules, a revised bank law and far-reaching tax reforms.

It is not too late to make the ruble a stable currency, backed by an IMF stabilization fund. The costs of not doing so would be catastrophic if Russia fell prey to another bout of hyperinflation.

But the real test is whether the Russians are prepared to live by the rule of law rather than the often reckless discretion of powerful political figures.

The writer, a professor of economics at Harvard, contributed this column to The New York Times.

Haiti: Serving Haitians and the U.S. National Interest

By J. Brian Atwood

The writer heads the U.S. Agency for International Development.

WASHINGTON

Henry Kissinger has asserted that the Clinton administration fails to show a "demonstrable threat to the national security" justifying U.S. entry into Haiti. He seems to think that a desperately poor nation by country ruled by brutal military officers, throwing off refugees and undermining the Western Hemisphere's commitment to the rule of law, could not constitute a security threat. But if so, very little would qualify as a threat to U.S. interests in the post-Cold War world.

As President Bill Clinton outlined in his speech to the nation on Sept. 15, the rule of the generals in Haiti did indeed threaten the stability of the hemisphere and the interests of America.

The threat came from horrendous abuses of human rights by an illegal military government at war with its own citizens.

It came from an economic and ecological disaster in Haiti that could touch every nation in the Caribbean and on the Gulf of Mexico, including the United

States. The toll of such a threat would be measured in new refugee flows, as Haiti's 7 million people faced the prospect of starvation or perpetual dependence on neighbors for imported food.

In the wider context, the threat from Haiti under the generals was the assault on the progress toward democracy that has been made throughout the hemisphere — progress that the United States has actively supported.

For the first time in history, nearly every country south of the U.S. border has an elected government, and with it a free market economy that makes the Americas one of the world's premiere growing regions and creating jobs and markets for the United States.

This development is a critical and admirable gain that has enhanced hemispheric stability and America's own security. But it was endangered by events in Hai-

ti, and as long as U.S. security is shaped by events in its hemisphere, it could not ignore such a threat to peace and prosperity.

In a number of countries, politically ambitious elements of the military continue to be a potential threat to their countries' democracies. Recognizing this, the Organization of American States has acted to deter military coups d'état and encourage a new ethos of democratic civilian control.

The most significant of these initiatives was the Santiago Resolution, which established that "representative democracy is an indispensable condition" and committed OAS governments to counter "the sudden or irregular interruption of the democratic political institutional process."

In the case of Haiti, the OAS member states first tried to persuade the Haitian military leaders to return the elected government

to power. When that failed, they supported the imposition of sanctions. The United Nations and the broader international community soon followed. Now that President Clinton, with the OAS and the United Nations, has acted decisively, the prospects for a more stable, democratic hemisphere have been enhanced.

Critics who raise concerns about the use of U.S. power to preserve democracy in the far reaches of the globe are offering red herrings — implausible scenarios intended less to enlighten debate than to feed public fears. They might remember that America's clear interest in preserving democracy in its region and its duty to uphold its international commitments have been bipartisan tenets of U.S. foreign policy.

We hear warnings about the dangers of "nation building." Haiti will not be the object of a unilateral reconstruction exercise, nor one be undertaken by the U.S. military. Efforts to help with its economic and political reconstruction plan are fully multilateral.

President Jean-Bertrand Aristide is an elected leader with a real plan to transform his poor country. He intends to decentralize government, giving more authority to his people and to elected local officials. He wants a fair and effective justice system and a political process that will include all Haitians. He intends to privatize state-owned firms, create capital markets and lower trade barriers. This is an enlightened transition plan that has the full support of the international community.

Bill Clinton has chosen a sensible course. With each passing day, Haiti is becoming less threatening to American security and more conducive to freedom and liberty for the Haitian people.

The Washington Post.

A Chance at Last to Redesign the CIA

By Mary McGrory

WASHINGTON

When George Bush's post-Desert Storm popularity ran off the charts (it was 90 percent at one time), people said he should use it to rally the country around some acute domestic need. He didn't. Bill Clinton expects no such boost from his two-fingers-crossed successes in Haiti and Kuwait. But say someone finally noticed and he got leadership traction. Where should he lead?

The CIA cries out for his attention. The Aldrich Ames scandal ripped off the seven veils of the haunted house in McLean. What has been exposed is an agency that can't spy a spy in its midst and doesn't think that the incompetents who failed should be punished in any way. In fact, two of them flew to Bonn to give an award to one of the principal miscreants in the Ames affair.

We have also found out that the CIA, whose predilection for efficient right-wing killers was absolutely demonstrated in El Salvador and the infamous contra war, was at it again in Haiti. They were funding the head of the paramilitary organization who organized the rumble on the dock that sent the Haitian Country scuttling out of Port-au-Prince harbor. It was one of the many instances when the CIA has given citizens the opportunity to see their tax dollars at work on both sides of U.S. policy.

Of course, the agency, with its wretched high-handedness, was trying to find a substitute for the democratically elected President Jean-Bertrand Aristide, whom it slandered in a notorious "psychological profile." The CIA seems to feel that democracy is a very well and good, but let's not overdo it. R. James Woolsey, the director

of Central Intelligence, has created for himself an insoluble problem. He wants to defend the indefensible. Leave aside the agency's long record of Borgia-type activity, the illegal domestic spying during Vietnam and so on. The Ames case is itself a most powerful argument for Senator Daniel P. Moynihan's bill to close down the joint. But in the end Mr. Woolsey issued reprimands only.

In the incident of the secret \$310 million office building that the CIA built for itself in Virginia, Mr. Woolsey seemed to feel that critics were overreacting. Candidates for re-election, flinching under the "tax and spend" lash of their opponents, were not amused.

"Woolsey has a genius for rubbing Congress the wrong way," grumbled a White House aide. The pale-eyed director is most anxious to maintain morale at the agency, which was founded to keep watch on the Soviet Union.

Why the fall of the Wall did not inspire the abolition of an agency created mainly to monitor Moscow is a mystery buried deep in the congressional psyche. Mr. Moynihan thinks that the thrill of having knowledge that others are denied keeps members voting huge, secret sums for operations that cannot be discussed.

Dan Glickman, the Democrat who chairs the House Permanent Select Committee on Intelligence, thinks that what is needed is outrage, both from the president and Mr. Woolsey. Mr. Clinton is apt to be ultra-deferential in dealing with any bureau in the defense complex, and Mr. Woolsey is anxious not to tread on spooks' toes. The

result is that the public hears nothing about the gravity of it all nor any resolve to reform.

Mr. Glickman thinks it makes no sense for the Clinton administration to take the rap for deeds done in Langley with which he has no connection whatever. Congress voted for a 17-member commission to inquire into what the agency does. "No one has ever asked since it was founded" in 1947.

Some of the agency's worst blunders can be rectified. President Aristide was given God-speed at the White House and is being restored to his rightful place, the CIA's claims of his alleged mental illness having been long disproved. But the agents who were killed when exposed by Mr. Ames are beyond recall.

The president just doesn't like to make enemies. This past week has shown him how useful they can be. Saddam Hussein, by belying him to the Kuwaiti border, gave him a chance to be presidential and tough. He summoned up U.S. troops and won respect worldwide — although not in Washington, where craven Democrats and machete-throwing Republicans hear nothing but the sounds of their wildly beating hearts.

Raoul Cédras and Co., by slithering into exile, helped to show how a humane and rational foreign policy, backed up by troops, can produce a just and happy outcome. Who knows? Having seen that he has exceptional courage — he let Jimmy Carter go down and negotiate a peaceful invasion — people may be willing to follow him into dumping or at least downsizing the CIA, a Cold War relic wasting money that would be better used for drug treatment.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Kabul Ameer Is Ill

PARIS — Surely there were already enough elements of trouble in Asia, and now the Ameer of Kabul is ill. So many questions have been left in suspense until the death of this Asiatic Sovereign, that whoever is familiar with international politics prays for the prolongation of the life of this petty tyrant, who has deceived the European Powers. The danger for Europeans in Afghanistan can never have been greater than it would be in the event of the Ameer's death.

1919: A Strike Succeeds

LONDON — By a silent strike, the women of Chertsey have reduced the price of milk a penny a quart at retail. One prominent dairy-man announced that he would reduce his price, declaring that the majority of housewives

had reduced their orders since the price was raised on October 1. He said that he objected to pouring surplus milk down the drain.

1944: Roosevelt Berated

ST. LOUIS — [From our New York edition:] Governor Thomas E. Dewey asserted before a roaring audience of Missouri Republicans that, since the Roosevelt administration's domestic record is "one long chapter of failure," the nation cannot trust it to do any better in administering American policy abroad. The Republican Presidential candidate charged that Roosevelt has brought American representation in vital areas abroad to "the brink of chaos," and that even Prime Minister Winston Churchill warned in 1937 that the New Deal's war on private enterprise was leading the whole world "back into the trough of depression."



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Rating the World's Best Restaurants: ITALY

With this page on Italy, the IHT's restaurant critic, Patricia Wells, completes her search for the world's top restaurants, and compiles her list of the Top 10 restaurants around the world, and the Top 10 more casual and affordable restaurants.

The Top Tables

- No. 1: Osteria da Fiore, San Polo-calle del Scalet, Venice, tel: (41) 721-308.
- No. 2: Da Cesare, 12 Via Umberto, Albaretto della Torre (45 kilometers south of Asti), tel: (173) 520-141.
- No. 3: Ristorante Aimo e Nadia, 6 Via Montecuccoli, Milan, tel: (2) 416-886.

International Herald Tribune

ON this world agrees: Italian food is the most satisfying, among the most diversified, and the most popular cuisine in the world. Although French cuisine is considered superior in terms of finesse and sheer ability to overwhelm the senses, I would not reject a lifetime diet of Italian pasta, vegetables, cheeses, wine and breads.

Of the dozens of meals I've savored throughout Italy in recent years, my visits to Venice's Osteria da Fiore remain culinary benchmarks. Chef Mara Martin and her husband, Maurizio, are wizards of understatement, offering diners the purest possible cuisine based solely on local fresh fish and shellfish. Arrive with an open palate, anticipating tastes, flavors, textures you've never before experienced.

Much of the Martins' greatness lies in chef Mara's willingness to lose her ego to the ingredients, dignifying them with irreproachable preparations that may include nothing more than a gentle touch of heat, a drop of lemon juice, a drizzle of oil. What bravery, what confidence.

The smaller the shellfish the more intense the flavor, and that theory is played out on the quietly elegant tables of Da Fiore daily, as miniature shrimp, octopus, spider crabs, cuttlefish and scallops arrive in an almost rhythmic succession. There may be baby shrimp, flawlessly fried, so sweet you recall the haunting flavor of newly toasted hazelnuts. Tiny octopus are simmered, then allowed to cool in their cooking water, arriving lukewarm, all softness and silk, showered with olive oil and paired with a welcoming salad of minced baby celery stalks. Rice is elevated to its highest order with Mara's cuttlefish-ink risotto, so rich, so sweet, you eat as slowly as possible, hoping for a loaves-and-fishes miracle. Anyone who has ever grilled a fish should try Da Fiore's masterfully grilled turbot to sample the heights to reach for: fish that's moist, evenly cooked, silken in texture and sweet in flavor.

With no previous experience, the Martins transformed a neighborhood bar into a restaurant that's a model of crisp precision, restrained with white linens, delicate glassware and framed Venetian prints, and that has a clientele that includes real Venetians and casual families who bring their children for Saturday lunch. There is room for no more than 40 diners, so reservations are essential, and difficult to obtain.

With dessert—often peach ice cream or lemon sorbet, served with delicate cookies—sample one of the Veneto's great white wines, Torcolato, a sweet and lemony full-grown dessert wine that's neither cloying nor sticky.

Closed Sunday, Monday, Dec. 25 to Jan. 15, and August. Credit cards: American Express, Diners Club, Eurocard, Visa. A la carte, 45,000 to 75,000 lire (\$38 to \$48), not including service or wine. Reservations essential.

For many of the world's top chefs, going to market means picking up a telephone. For the lean, mustached 48-year-old Cesare Giaccone, a typical market day involves driving hundreds of kilometers through the Piedmont countryside, visiting one farmer for fragrant white truffles and varied wild mushrooms, another for freshly hunted wild boar, a third for half a dozen just slaughtered chickens, which he will pluck and dress himself.

Much of Da Cesare's cuisine might be described as primordial, it is so earthy and rudimentary, like spit-roasted goat cooked in the corner of the restaurant over beech and oakwood coals, or his thick fillet of beef seared on a scorching-hot limestone rock. Yet other dishes—an ethereal guinea-ben mousse paired with roasted potatoes drizzled with grappa—seem to have come special delivery on the wings of an angel.

It's hard to know whether Cesare is a gentle man with a wild streak or a wild man with a gentle streak, for over the years his cowboy-style behavior has guaranteed him the reputation of an iconoclast. There's not much about Da Cesare's that's user-friendly: He may open or close the restaurant on a whim; there's no sign, so finding it the first time around on your own could be a trial; he's expensive, and he doesn't take credit cards.

Yet a visit to Cesare's little culinary palace can be a gastronomic milestone. Aided by his sons, Filippo and Oscar, he cooks his heart out, offering miracles from the stove, the oven, the fire. The small



dining room is immaculate, with delicate Riedel crystal, a different hand-crocheted cloth for each table, waitresses in crisp black and white.

A sonata of flavors can be found in his fall salad of raw sliced porcini and tender white ovoli wild mushrooms, married with pomegranate seeds, fresh chestnuts, a tangle of greens, a shaving of Parmesan, walnuts, sliced pheasant, turkey and rabbit, united in a refreshing orange vinaigrette.

He roasts onions on a bed of salt until the skin resembles burnished mahogany, the interior fragrant, creamy and mellow, enlivened by a touch of fonduta cheese and a shaving of white truffles.

I was overwhelmed by the purity, the lack of trickery in his spit-roasted goat, seasoned with nothing but salt, pepper and olive oil. Cooked for four hours, the young goat turns crisp, crackly, resulting in meat that's firm, chewy and fragrant, with an imperceptible smokiness reminiscent of the finest bacon or ham. Likewise, the sheer simplicity of beef and rosemary branches cooked on a thick rock that had been heated in a hot oven offers pure joy—a finely crisp exterior, tender juicy interior, topped with cubed tomatoes and herbs that tumble onto the rock as you slice into the meat.

Desserts include hazelnut cookies baked in hazelnut leaves (like a child's fantasy, hazelnuts that turn into cookies on the tree) and a feather-light crostade of apples and apricots in exemplary puff pastry.

The best of the Piedmont wines are found at Cesare's table, including Domenico Clerico's 1990 Arde, a powerful barrel-aged wine that's half nebbiolo, half barbera.

Closed Tuesday, Wednesday lunch, January and August. No credit cards. A la carte, 90,000 lire per person, including service but not wine. Reservations essential.

Understatement is the key to the cooking at Aimo e Nadia, a modern, upscale dining room, away from the center of Milan. With husband Aimo Moroni in the dining room, wife Nadia in the kitchen, and daughter Stefania at the cash register, this is a solid, family affair.

The Moroni cuisine is 100 percent Italian, yet dishes found here won't turn up elsewhere. Rather than cooking, Nadia waves a gentle, magic wand, whether she is turning the richest, freshest ricotta cheese into a soup-like liquid flavored with fresh porcini mushrooms and a touch of rieb grana padano cheese, or weaving a complex appetizer of fresh anchovies stuffed with a mix of spinach and pine nuts, anointed by a touch of celery sauce faintly seasoned with hot pepper.

Perfection arrives in the form of a raw wild mushroom salad of delicately earthy white ovoli, sliced paper thin and seasoned with rich Tuscan oil and lemon juice.

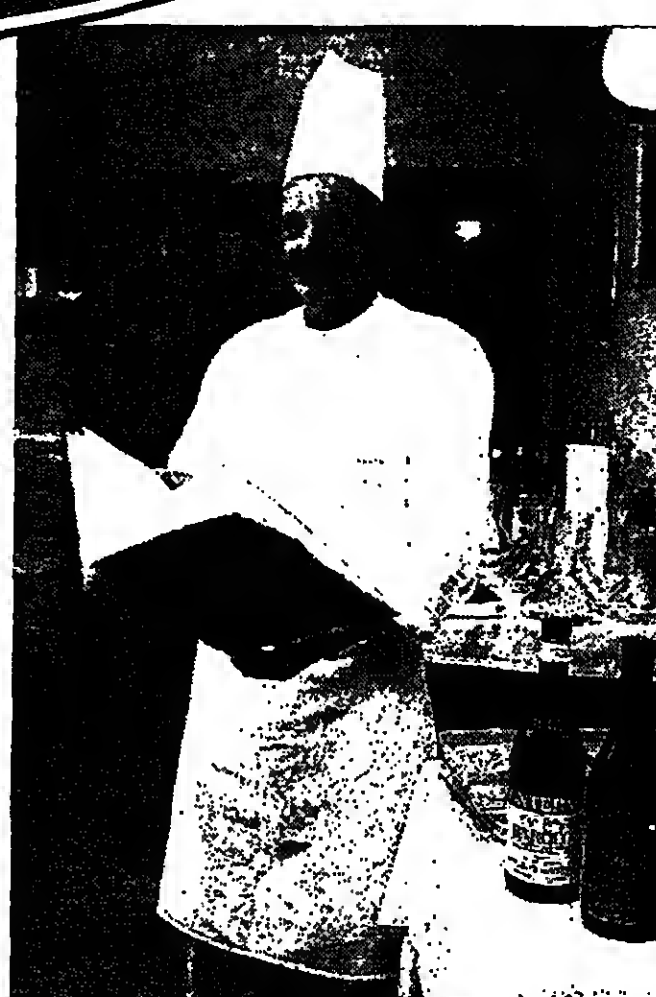
The menu changes from day to day, according to what's in the market, and on my last visit Nadia offered two exquisite swordfish preparations: In one, she floated tiny squares of fresh, baby swordfish in a white bean puree; in the other, the delicate swordfish steak was barely cooked, then paired with plump fresh borlotti beans.

Wine choices include some top-rate wines from Piedmont and Tuscany, including Aldo Conterno's astonishing 1982 Barolo Granbussia, Quercocchio's 1985 Brunello di Montalcino, and Elio Altare's 1985 Barolo Vigna Arborina.

Closed Saturday lunch, Sunday, and August. Credit cards: American Express, Diners Club, Visa. 95,000 lire tasting menu. A la carte, 78,000 to 120,000 lire, including service but not wine.



Top, Pina Bongiovanni in Osteria dell'Unione, in Treviso; above left, chef Mara Martin and her husband, Maurizio, in Osteria da Fiore in Venice; above right, Cesare Giaccone in Da Cesare, in Albaretto della Torre.



CASUAL DINING

- No. 1: Checchino dal 1887, 30 Via di Monte Testaccio, Rome, tel: (6) 574-6318.
- No. 2: Cibrèo, 8r Via del Verrocchio, Florence, tel: (55) 234-1100.
- No. 3: Osteria dell'Unione, 1 Via Alba, Treviso (7 kilometers east of Alba), tel: (173) 638-303.

International Herald Tribune

WELCOME to the land of bright lights, loud voices, full flavors: With a cuisine that's earthy, rich, traditional—as well as wildly creative—Rome's Checchino dal 1887 captures the essence of a solid, great Italian trattoria.

The brothers Elio and Francesco Mariani, along with their mother, Ninetta, carry on the family tradition, with a restaurant begun in 1887 to feed workers building the city slaughterhouse. Cuts of meat from the "fifth quarter"—tripe and organ meats—remain a specialty. Great dishes here include a delicate head cheese seasoned with black pepper and drizzled with olive oil; their famed *coda alla vaccinara*, a hearty and wholesome portions of oxtail stewed in a rich tomato sauce with celery, pine nuts and raisins, and a state-of-the-art *spaghetti alla Carbonara*, steaming with eggs, pecorino and black pepper.

Their trustworthy combinations of cheese and wine include a breathtaking trio of Gorgonzola cheese drizzled with honey and served with a glass of aged Barolo Marsala from Sicily, haunting with flavors of wood and caramel.

Closed Sunday dinner and Monday (all day Sunday from June to September), Au-

gust and Christmas week. Credit cards: American Express, Diners Club, Visa, MasterCard. A la carte, 55,000 to 90,000 lire (\$35 to \$57), including service but not wine.

I wouldn't think of visiting Florence without a dinner at Cibrèo, the bomey, popular trattoria run by the outgoing Fabio Picchi and his wife, Benedetta. Tuscan natives, the two were childhood sweethearts who went on to create a small Cibrèo empire near the Sant'Ambrogio market. They reign over a quietly elegant restaurant with a bare-bones trattoria on the other side of the kitchen: a small, elegant café, as well as a carry-out shop that features bomey, oil, olives and preserves from the region.

My last dinner here began with a procession of exquisite antipasto samplings, including marinated salads of first-of-season raw fava beans and salty pecorino sheep's milk cheese; traditional chicken-liver spread, and slices of fresh goat cheese with hot peppers. Much of the year Fabio offers his now-famed yellow-pepper soup, *passato di peperoni*.

But one item you'll never find at Cibrèo is pasta: Fabio and Benedetta prefer to display their culinary creativity here in other ways. If it's on the menu, sample a slice of pecorino cheese served with *mostarda di Cremona*, preserved in sugar syrup and flavored with a fiery mustard. The cave offers some real treasures, including the rare Le Pergole Torte, from the estate of Sergio Manetti.

Closed Sunday, Monday and August. Credit cards: American Express, Diners Club, Visa, MasterCard. Trattoria 30,000

lire, restaurant 60,000 lire, not including wine and service.

Close your eyes and picture the quintessential trattoria: There's no sign, just a double door covered with immaculate white curtains. There's no menu, just a procession of staunchly traditional Piedmont specialties, prepared with love. There's no wine list, just a series of terrific local wines lined up along the shelves. The food? Quality flavors at once rich and intense, all subtle, simple, seductive dishes that come from the kitchen of smiling, bright-faced Pina Bongiovanni, born in this house and following in her mother's footsteps.

Starters at Osteria dell'Unione might include rounds of moist, steaming herbal fritata, very thin and generously seasoned, paired with slices of local sausage. A flawless rendition of *vittello tonnato* arrives from the tiny kitchen, poached veal sliced paper thin and topped with a creamy tuna sauce, a cheery rendition of what's often a tired Italian classic.

Her favorite dish is also her best, an exquisite platter of rabbit in Barolo with sweet red peppers spiked with cloves and cinnamon, a dish for cooks short on money, rich on time. The rabbit meat all but falls off the bone.

The wine shelves offer some treasures, including Luigi Pelissero's 1990 Barbaresco, a wine with a perfect acid balance, custom-made for a region where food is hearty and copious.

Closed Sunday dinner, Monday and two weeks in August. No credit cards. 40,000 lire fixed-price menu, including service but not wine. Reservations essential.

THE TOP 10



Following is the IHT's list of the 10 best restaurants in the world, and the 10 best casual tables. The list includes reviews on Hong Kong, Tokyo, the United States, France, the Benelux countries, Spain, Britain, Switzerland, Germany and Italy.

The Top Tables

- No. 1: Joël Robuchon, 59 Avenue Raymond-Poincaré, Paris 16, tel: 47-27-12-27.
- No. 2: Restaurant Freddy Girardet, 1 Route d'Yverdon, Crissier (6 kilometers west of Lausanne), Switzerland, tel: (21) 634-0505.
- No. 3: Lai Ching Heen, The Regent, Salisbury Road, Hong Kong, tel: 721-1211.
- No. 4: Le Louis XV-Alain Ducasse, Hôtel de Paris, Place du Casino, Monte Carlo, Monaco, tel: 92-16-30-01.
- No. 5: Osteria da Fiore, San Polo-calle del Scalet, Venice, tel: (41) 721-308.
- No. 6: Jiro, Chuo-ku, Ginza 4-2-15, Tsukamoto Sozan Building (B1, basement), Tokyo, tel: 3535-3600.
- No. 7: Guy Savoy, 18 Rue Troyon, Paris 17, tel: 43-80-40-61.
- No. 8: Taillevent, 15 Rue Lamennais, Paris 8, tel: 45-63-96-01 and 45-61-12-90.
- No. 9: Restaurant Daniel, 20 East 76th Street, New York, tel: (212) 288-0033.
- No. 10: Da Cesare, 12 Via Umberto, Albaretto della Torre (45 kilometers south of Asti), Italy, tel: (173) 520-141.

Casual Dining

- No. 1: Al Forno, 577 South Main Street, Providence, Rhode Island, tel: (401) 273-9767.
- No. 2: La Tupina, 6 Porte de la Monnaie, Bordeaux, tel: 56-91-56-37.
- No. 3: Frontera Grill, 445 North Clark Street, Chicago, tel: (312) 661-1434.
- No. 4: City Chiu Chow Restaurant, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong, tel: 723-6226.
- No. 5: Ca l'Isidre, Les Flors 12, Barcelona, tel: 441-1139.
- No. 6: The Seafood Restaurant, Riverside, Padstow, Cornwall PL28 8BY, England, tel: (841) 532-485.
- No. 7: Checchino dal 1887, 30 Via Monte Testaccio, Rome, tel: (6) 574-6318.
- No. 8: Cibrèo, 8r Via del Verrocchio, Florence, tel: (55) 234-1100.
- No. 9: Viridiana, Juan de Mena 14, Madrid, tel: 523-4478.
- No. 10: Le Camellion, 6 Rue de Chevreuse, Paris 6, tel: 43-20-63-43.

TIPS

International Herald Tribune

INEVITABLY, when an Italian chef cooks with a French accent, he falls flat on his face. Here are thoughts on visits to two top-rated Italian restaurants, both of them definitely NOT worth the detour.

One recent sunny Sunday afternoon, I drove to Gualtiero Marchesi's Michelin three-star restaurant (Gualtiero Marchesi, at Erbusco near Milan), dreaming of roast chicken. And there it was on the menu, served with a simple garnish of potatoes, mushrooms and onions. We waited patiently, consuming an unimpressive first course of fish, an unimpressive second course of pasta, a nice white wine, all the while dreaming of a plump, moist roast chicken. The waiter rolled a cart to the table, and from the black cast-iron pot came the most shriveled, dried-out bird I've ever seen. We were served tidbits of bone-dry white meat—not a drop of juice, sauce, moisture—accompanied by a few bites of mushrooms, a rock-hard potato, a tiny roasted onion. We signaled the waiter, requesting a bit of juice, and were informed: "This is dry-roasted chicken, style Marchesi." By any standards, it was a very badly roasted chicken. I wouldn't have served such a bird, and neither should he.

While the Umbrian Gianfranco Vissani is commonly hailed as one of the top chefs in Italy, I found the food at Vissani, along route 448 between Todi and Bassi, inexcusably self-indulgent and a major affront to good taste and judgment. It is impossible to imagine any sane diner seeking satisfaction in fatty morsels of chicken set adrift in a greasy Gorgonzola soup; tough, lukewarm duck breast supported by a gluey mound of ravioli filled with bits of undercooked artichokes, or a tepee of tepid risotto camouflaged by strips of eggplant as tough as shoe leather. Service and setting are charmless, the wine list a jumble, prices very likely the highest in Italy. Lunch for two can easily run 600,000 lire (\$380), without wine. The sheer amount of food that is inevitably wasted (no less than a dozen silly breads, flavored with everything from foie gras to peanuts) should make chef Vissani bang his head in shame.

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Continued on Page 14

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Banco Safra	\$100	2002	10%	98 3/8	—	Semiannually. Redeemable at 97% in 1997. Fees 1%. Denominations \$100,000. (Swiss Bank Corp.)
Boyer USA	\$300	1999	7%	101.054	99.60	Redeemable at 99.479. Noncallable. Fees 1% (Deutsche Bank)
Financiera Energetica Nacional	\$150	1999	9	99.753	—	Semiannually. Noncallable. Fees 0.25%. Denominations \$100,000. (J.P. Morgan Securities)
Los Angeles	\$1,365	—	—	100	—	Notes issued in 15 tranches with maturities ranging from 1996 to 2010 and semiannual coupons from 5.00% to 8.00%. \$265 million in zero coupon notes priced between 24.404 and 32.601. Fees not disclosed. (Lehman Brothers Int'l)
Sainsbury (L)	\$150	1997	7%	100.94	99.90	Redeemable at 99.79. Noncallable. Fees 1% (J.P. Morgan Securities)
SmithKline Beecham	\$200	1997	7%	101	99.80	Redeemable at 99.85. Noncallable. Fees 1% (S.G. Warburg Securities)
Toyota Motor Finance (Netherlands)	\$200	1997	7%	100.898	99.70	Redeemable at 99.71. Noncallable. Fees 1% (CS First Boston)
Stoffkraft	DM 300	1999	7%	102.09	—	Redeemable at 99.84. Noncallable. Fees 2% (Deutsche Bank)
Ford Credit Europe	\$100	1997	8%	100.88	—	Redeemable at 99.705. Noncallable. Fees 1% (HSBC Markets)
General Electric Capital Corp.	\$100	1996	8%	100.96	—	Redeemable at 99.985. Noncallable. Fees 1% (Paribas Capital Markets)
Cofinaga	fr. 1,000	1997	7%	101.57	—	Redeemable at 100.435. Noncallable. Fees 1% (Société Générale)
Crédit Local de France	fr. 3,000	1997	7%	99.91	99.97	Noncallable. Fees 0.1875% (BNP Capital Markets)
Général des Eaux	fr. 1,000	1999	8	101.63	100.50	Redeemable at 100.08. Noncallable. Fees 1% (Crédit Commercial de France)
Philip Electronics	fr. 1,000	2004	8%	100.885	100.30	Redeemable at 99.31. Noncallable. Fees 2% (Crédit Lyonnais)
Crédit Local de France	fr. 150,000	1997	11.30	101.315	100.10	Noncallable. Fees 1% (Crédit Lyonnais)
European Investment Bank	fr. 400,000	1998	10.15	97.995	97.20	Noncallable. Fungible with outstanding issue, raising total amount to 1.8 billion lire. Fees 1% (Banca Commerciale Italiana)
ABN-AMRO Bank	fr. 300	perpt	8%	101.05	101.80	Redeemable at 99.80. Callable at par in 2004, when coupon may be reset. Fees 2% (ABN-AMRO Bank)
KFW Int'l Finance	fr. 500	2004	7%	101.425	99.45	Redeemable at 99%. Noncallable. Fees 2% (ABN-AMRO Bank)
Bayerische Landesbank	fr. 125	1998	8%	101.025	99.45	Redeemable at 99%. Noncallable. Fees 1% (Wood Gundy)
European Investment Bank	fr. 150	1997	8	100.767	99.40	Redeemable at 99.58. Noncallable. Fees 1% (Goldman Sachs Int'l)
Kredietbank Int'l Finance	Aus\$ 75	1999	10	101.40	99.65	Noncallable. Fees 2% (Moorpark Bank)
National Australia Bank	Aus\$ 100	1997	9%	101.4	100.05	Noncallable. Fees 1% (Moorpark Bank)
Queensland Treasury Corp.	Aus\$100	1996	8.20	100	—	Noncallable. Fees 1% (NAB Europe)
SBC Australia	Aus\$100	1998	9%	101.197	99.45	Noncallable. Fees 1% (Swiss Bank Corp.)
Belgium	fr. 75,000	2004	4%	99.34	99.89	Noncallable. Fees 0.325% (Nikko Europe)
Citicorp	fr. 15,000	1998	4	100	—	Noncallable. Fees not disclosed. Denominations 10 million yen. (Merrill Lynch Int'l)
Int'l Finance Corp.	fr. 20,000	1999	zero	82.10	—	Yield 4.023%. Noncallable. Proceeds 16 billion yen. Fees not disclosed. Denominations 10 million yen. (Mitsubishi)

Equity-Linked

Aegon	\$600	2004	4%	100	—	Noncallable. Convertible after May 1995 of 120 guilders per share, a 16.05% premium, and of 1.728 guilders per dollar. Redeemable at maturity or 138.90 to yield 7.0%. Fees 2% (Morgan Stanley Int'l)
Roche Financial Management	fr. 100,000	2002	1	100	—	Noncallable. Each 1 million-yen note with 69 warrants exercisable on June 15, 1998, into company's shares. 100 warrants to one share, foreign exchange rate set of 1.284 francs per 100 yen. Fees 2% (Swiss Bank Corp.)

The Week Ahead: World Economic Calendar, Oct. 17-22

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg BusinessWeek.

Asia-Pacific

Oct. 17 Hong Kong British Minister for Trade Richard Nieldman speaks at a press conference organized by the Hong Kong General Chamber of Commerce.

Oct. 18 New Delhi International Show Fair begins. The three-day event is organized by India Trade Promotion Organization.

Oct. 19 World Infrastructure Forum begins five-day run. Representatives from 18 Asian-Pacific countries to discuss infrastructure plans with representatives from private business.

Oct. 20 Adelaide News Corp. annual shareholders meeting. Chairman Rupert Murdoch to attend.

Hong Kong The American Chamber of

Commerce holds a full-day conference on doing business in Vietnam.

Oct. 19 London Conference of European Exporters to Japan. Continues until Saturday.

Oct. 19 London Victorian Mining Week Conference.

Oct. 20 Jakarta Pharmaceutical supplier Darya Varta Laboratories to close its 10-million share offering for a Jakarta listing.

Oct. 20 Hong Kong The government holds an auction of two pieces of land, including a 12,430 square meter site in Fanling in the New Territories earmarked for housing.

Oct. 22 Osaka APEC small and medium enterprise ministerial meeting at the Royal Hotel. Through Sunday.

Oct. 17 Frankfurt Bundesbank releases October monthly report.

Oct. 18 London Continental of British industry trade survey.

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Inflation Tamed for Now, Bonds Head Higher

Compiled by Our Staff From Dupont

NEW YORK — Treasury prices should continue to drift higher this week now that the market has survived the recent barrage of economic reports for September.

But given expectations for the Federal Reserve Board to raise short-term interest rates again in a month's time, and perceptions that the economy continues to grow at a good rate, the market's gains are not likely to get out of hand.

Treasury securities already have retraced part of the sell-off that occurred heading into the September employment report, when investors were shaken by the possibility that the economy's stamina might lead the Fed to tighten twice more this year.

The lower-than-expected gain in September nonfarm payrolls and tame September inflation and industrial production data have convinced investors the

Fed can limit itself to one more rate increase this year, expected to come at the Nov. 15 Federal Open Market Committee meeting.

Fabio Savoldelli, who oversees \$1.5 billion in bonds at SBC Portfolio Man-

U.S. CREDIT MARKETS

agement International, said members of the Fed's policy-making committee had "room to sit down and reconsider" whether to raise the funds rate in November.

To slow the economy and keep inflation in check, the Fed has raised short-term interest rates five times this year.

But with further Fed tightening on the back burner for now, investors were expected to put a little more money to work.

"The market could do a little bit bet-

ter next week, if only because of some momentum from this week," Kevin Logan, chief economist at Swiss Bank Corp., said Friday. "People decided the data weren't as bad as many had anticipated."

"It appears some investors will be willing to purchase some securities to get higher returns," he added.

But Mr. Logan said he did not expect large additional gains. He said the 30-year bond yield's new range probably was 7.75 percent to 8.0 percent.

On Friday, the 30-year bond finished at 7.83 percent, down from 7.91 percent a week earlier. The two-year Treasury note concluded the week at 6.54 percent, down from 6.62 percent.

Bonds initially fell Friday on a report that retail sales rose a healthy 0.6 percent in September, at the high end of

expectations. A simultaneous report that consumer prices rose 0.2 percent last month had little influence at first because it had been expected.

Later, however, the market bounced upward after the Fed reported industrial production was stable and utilization of the nation's factories had declined slightly. Traders fear fast-growing production could outstrip the supply of raw materials, causing prices to rise.

On balance, the reports were in line with other recent ones that all show moderate inflation.

Robert Brusca, chief economist for Nikko Securities International Co., said he saw relief in the bond market because of a decline in commodity prices, which the Fed tracks closely in assessing inflationary hazards.

(Knight-Ridder, Bloomberg, AP)

HEDGE: Did Deutsche Bank Pull the Plug Too Soon?

Continued from Page 13

clever hedging program. It was people on top that did precisely the wrong things."

The professors' analysis, contained in several articles, has had an electric effect.

When it surfaced this fall, investors hammered Metallgesellschaft and Deutsche Bank stock. Then Metallgesellschaft's new management, along with Ronald H. Schmitz, the Deutsche Bank director who is chairman of Metallgesellschaft's supervisory board, fired back.

At a news conference last week in Frankfurt, senior executives of Metallgesellschaft handed out their own paper, which said that while the professors' theoretical points were valid, in reality Metallgesellschaft would have faced a \$50 billion loss if it hadn't liquidated the hedges.

Mr. Miller called their rebuttal "preposterous" and denied press reports that he had withdrawn his criticism.

The academics' first discovery was that MG Refining and Marketing seemed to have been engaged in a hedging strategy rather than simple speculation. "I could understand how you could lose \$1.3 billion by speculation," Mr. Miller said. "But I couldn't see how you could lose \$1.3 billion hedging."

MARK: Election Windfall

Continued from Page 13

ers, agree that the dollar is now poised to fall to about 1.48 DM.

"Trading in the foreign exchange market is still very thin, and therefore price movements shouldn't be overestimated," said Mr. Chertkow. "Institutional clients already have a very low weighting of dollar assets, and I see no reason to expect a further heavy sell-off to tighten the weighting."

Mr. Crane argued that with the approaching year-end, institutional investors will be under pressure to sell if the dollar drops below 1.5150 DM. Mr. Drobny warned that there was "a risk we could get a dollar crash."

Political risk now also shifts to the French franc, suggesting further gains for the mark against the franc. France's presidential election will be held no later than next spring, and Prime Minister Edouard Balladur, the leading candidate, is slipping in the polls because of a series of scandals affecting past and present members of his government.

The Swiss franc also looks vulnerable. It has scored a significant appreciation against the mark since late summer but will now lose its allure as a haven.

Euromarkets At a Glance

Eurobond Yields

	Oct. 14	Oct. 7	Yr. High	Yr. Low
U.S. 3-month term	8.29	8.24	8.25	8.21
U.S. 6-month term	7.71	7.54	7.76	7.45
U.S. 1-year term	7.37	7.16	7.33	6.98
French 3-month	7.20	6.95	7.01	6.26
French 6-month	6.86	6.20	6.34	5.87
French 1-year	11.27	11.22	11.30	7.91
German 3-month	8.71	8.72	8.74	6.20
German 6-month	8.72	8.72	8.74	6.20
German 1-year	8.76	8.64	8.84	6.15
ECU 3-month term	8.45	8.46	8.50	6.01
ECU 6-month term	8.16	8.17	8.24	6.26
ECU 1-year term	8.15	8.01	8.16	6.09
ECU 3-year term	9.28	9.29	9.41	5.99
Yen	4.62	4.58	4.64	2.87

Source: Luxembourg Stock Exchange.

Weekly Sales

	Oct. 13	Oct. 6	Oct. 13	Oct. 6
Stratagems	7230	5820	11770	5820
Convert.	0.00	—	—	—
FRB	—	—	—	—
BCP	47230	32480	14620	67600
Total	108,910	97,500	11,240	1,248,10

Source: Euromarket Capital.

Libor Rates

	1-month	3-month	6-month	1-year
U.S. 3	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 6	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 9	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 12	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 15	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 18	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 21	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 24	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 27	5 1/4	5 1/4	5 1/4	5 1/4
U.S. 30	5 1/4	5 1/4	5 1/4	5 1/4

Source: Lloyds Bank, Reuters.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes	Oct. 14	Oct. 7	Chg.	Money Rates	Oct. 14	Oct. 7
United States	3,910.7	3,797.2	+113.5	Discount rate	4.00	4.00
DJ Indust.	3,910.7	3,797.2	+113.5	Prime rate	7 1/4	7 1/4
DJ Util.	182.4	178.2	+4.2	Federal funds rate	4 11/16	4 1/2
DJ Trans.	1,494.8	1,444.78	+50.02			
S & P 100	434.76	421.54	+13.22			
S & P 500	469.10	455.10	+14.00			
S & P Ind.	556.86	539.55	+17.31			
NYSE Cl.	257.99	251.23	+6.76			
FTSE 100	3,104.70	2,998.70	+106.00			
FTSE 20	2,291.20	2,210.50	+80.70			
Nikkei 225	19,969.29	19,744.75	+224.54			
DAX	2,185.73	1,868.59	+317.14			
Hong Kong	9,593.73	9,284.08	+309.65			
MSCI	634.20	615.90	+118.30			

World Index From Morgan Stanley Capital Intl.

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BONDS: Issuers Focus on Paying Short-Term Debt

Continued from Page 13

to purchase Roche's nonvoting equity securities at a discount from the current price. Each note of 1 million yen carries 69 warrants, and 100 warrants are needed to purchase one Roche share. At the offering terms, the cost of the 100 warrants was equal to 4,784 Swiss francs. At the time, the shares were trading at 5,880 francs.

The warrants are exercisable only on June 15, 1998, and at a price not to exceed 7,100 francs. Roche has the option of redeeming the warrants either in stock or in cash. If the share price exceeds 7,100 francs, warrant holders will obviously receive cash. Roche is not creating new shares and presumably has hedged its obligation by purchasing the shares it will need to pay off the warrant holders.

Thus, if the share price exceeds 7,100 francs at redemption, Roche gets to pocket all of the excess.

Roche will use the 100 billion yen to repay part of the \$5 billion one-year bridging loan it arranged in August to finance its \$5.3 billion purchase of Syntex. Details of the loan were not made public, but the borrowing cost was rumored to be a thin six basis points over the interbank rate.

Roche also is exchanging yen into dollars when the yen is near its all-time high. The intriguing question is whether the company sits with this yen liability and gambles that in eight years the yen will have depreciated, providing Roche a potential windfall profit, or whether it

Fashion

Retailers Tell an Industry Secret: Whose Clothes Sell and Whose Don't

By Suzy Menkes

PARIS — The designers are taking the final bow. The order books are closing. The buyers are packing their bags at the end of the European spring/summer show season. But the real story of fashion in the 1990s is not in the vinyl hot pants gyrating on the runway or the wearable knits back at the showroom. It is summed up in two words: sell-through.

That means the percentage of a designer's range that finds a customer at full price when the clothes hit the stores. And increasingly, if the clothes do not sell, the fat hits the fan.

"It's the buzz word of the 1990s," says Rose Marie Bravo, president of Saks Fifth Avenue. "Even stores like Saks look at sell-through percentages, when before it was not the driving force."

Joan Kaner, senior vice president and fashion director of Neiman Marcus, underlines that message. "We are in business to sell clothing," she says. "There are some stores that sell fashion as the icing on the cake. For us, fashion is the cake. And our goal is always to sell at regular price."

What percentage a store makes with each designer is one of fashion's most fiercely guarded trade secrets. It is behind the store wars that makes buyers demand exclusives and fight through the courts — as Barney's did with Giorgio Armani — to keep a profitable designer.

No wonder. For in an IHT survey of leading retailers of designer clothes attending the current shows, the Italian designer is everyone's Numero Uno. From Asia to Los Angeles, Armani's average sell-through over the last five years has been 81 percent. That means that he is the most profitable designer a store can stock, and is the reason Armani received for his 60th birthday in July not only an antique table lamp, but an unprecedented personal visit from America's most important store presidents.

Although retailers would speak only on an unattributable basis, their secrets are not so secret. For, with a few geographical hitches (Armani is not such a hot seller in France, for example) the sell-through percentages are almost identical across the stores and across the world. As the president of Barney's, Gene Pressman puts it, "What is good sells everywhere — taste levels are similar. And bad things don't sell anywhere."

Buyers also have the same comments and complaints.

"When they deliver early, it sells early," says Dawn Mello, president of Bergdorf Goodman. Her words are echoed round the world, from Roberto Dominici, managing director of the Joyce group of Hong Kong, to Joseph, the London-based avant garde retailer.

"Part of sell-through problem is delivery," agrees Ms. Bravo. "People who deliver best, sell best."

What Price Fashion?



Armani, bottom center, with executives from Neiman Marcus, Bloomingdale's, Saks, Barney's and Bergdorf's.

This is especially true of the United States, where the fall season starts for the stores in July and ends with Thanksgiving. The pattern of just two spring/summer and autumn/winter seasons has changed radically with the introduction of cruise, holiday, pre-fall and other lines. But stores would like an even faster flow, praising Armani for the way the company

constantly tops up the stock with fresh deliveries, while other designer clothes will hang around until they are looking "ratty" and go on sale.

Who's hot and who is not? After Armani come Chanel; Donna Karan's DKNY sportswear (but not the main line, which has had major delivery problems); and Jil Sander, the great hope of retailers

with currently a 64 percent sell-through, but rising sharply.

Although he does not appear in the accompanying chart, the Belgian designer Dries Van Noten is performing strongly. Azzedine Alaïa is a sellout with any store that can get the merchandise delivered. Jean-Paul Gaultier, which is currently re-

Percent of designer's clothing sold at full price

Armani	81	Calvin Klein	47
Azzedine Alaïa	75*	YSL	45
Chanel	65	Yohji Yamamoto	44
Donna Karan	65	Ann Demeulemeester	39
Jil Sander	64	Helmut Lang	38**
Ralph Lauren	63	Vivienne Westwood	36
Comme des Garçons	59	Claude Montana	34
Ungaro	56	Karl Lagerfeld	34
Versace (incl. jeans)	53	Chloé	31
Valentino	50	Martin Margiela	30
Christian Lacroix (incl. Bazar)	50		

*Erratic deliveries
Source: IHT survey of major retailers from the United States and Europe, including Bergdorf Goodman, Bloomingdale's, Saks Fifth Avenue, Neiman Marcus, Barney's, and Bergdorf's.

structuring its distribution, is cited as being a maddening example of a line that is sought after by customers but erratically delivered.

Mr. Pressman says that he is pinning hopes on the secondary lines, such as G-Gigli from Romeo Gigli and Bazar from Christian Lacroix, with other retailers citing D & G from Dolce & Gabbana as a strong new resource.

The problem for a good sell-through is often that prices are pitched too high for the target customer. Lacroix's line has been a tough sell, but Bazar, performing 30 percent above projections in Europe in its first season, pushes the line up the chart. The Versace jeans and secondary lines fly out of the stores, while Gianni Versace's top line is just beginning to edge forward.

Designers' own-label boutiques have been excluded from the survey, as have "trunk shows," where the designer travels to stores promoting his clothing. The latter make designers like Oscar de la Renta and Bill Blass big sellers. Of the upscale European designers, after Chanel as everyone's pace-setter, Ungaro is selling well; Valentino is idling; Montana is "difficult"; Moschino's Cheap and Chic range is still selling well; Thierry Mugler is in a sudden surge after a slow period; and Yves Saint Laurent is "a very small business," buyers say. They add that it is difficult to quote a sell-through on

Continued on Page 18

After Everything Else Is Tried and Discarded, Glamour Remains

By Katherine Knorr

PARIS — Well, it's quasi-official: Waifs are out and glamour is in. If this sounds familiar, it's because you've heard something similar quite a few times. Fin-de-siècle fashion now has all the worst aspects of the art avant-garde, spinning around and around, desperately seeking the new, looking backward to look forward. We are all too seduced and Prozac-ed to be just "surprised," the new must SHOCK, and then be followed by a return to tradition/representation/good taste/tailoring/glamour. But is anybody truly shocked by fashion anymore? After the micro-mini, what?

Fashion, like rock, like movie sex, like avant-garde art, has lost the sense of sin. Kurt Cobain wasn't a bad boy, he was a

sad boy, he had, maybe, a disorder. All the bad boys died or grew up. Mick Jagger is a businessman (who performs, incidentally, in sensible athletic walking shoes). Jean-Paul Gaultier is funny. Postmodern art is an expensive joke, many serious painters and writers are going back to form. What redeems fashion — though not painting, not literature — is its wonderful silliness (except to the business folk who make money, of course). Designers pretend to be shocking, and consumers pretend to be shocked. How glorious clothes are, after all!

And what is glamour? Curled hair, fingernail polish, clothes with a sheen, a take on the movies — not today's movies, but The Movies, when Screen Goddesses didn't tell Vanity Fair about their abused childhoods. Glamour is Form.

Stealing a glossy magazine page from Philip Larkin, you could say that modern fashion cycles began, like sexual intercourse, in 1963, between the end of the Chatterley ban and the Beatles' first LP. That's when the teenager became king, when clothes became cheap enough to make dramatic changes from season to season, when blue jeans took over the world.

That was the last time when fashion really shocked, when parts of the body were uncovered that had never been uncovered before, when skininess became pretty, when the very marketing of clothes got mixed up with countercultural ideas. Street style and store windows became interchangeable in Carnaby Street, clothes were not only decoration, they made political statements, they said free love, they

said hell no I won't go, they said, ahem, I don't care about material possessions.

Fashion history doesn't repeat itself, or to garble Marx, that proto-fashion critic, it plays itself out first as outrage and then as farce. If fashion desperately zigzags from so-called street fashion (whose streets? we might ask) to so-called glamour, it is because there is no impetus for the kind of fashion revolution that came with the upheavals of the 1960s. Women have flooded the work force, men get to cry and wear ponytails, even when their hair is gray, we've done discordant and we've done ugly and we've done bald. Rock repeats itself, and so does fashion, with a certain weariness. Punk, glamour, hip hop, glamour, grunge, glamour. The key is to keep the details varied.

There is no fashion or music "trend"

you haven't seen before. (Discounting gangster rap, which isn't music and doesn't qualify as art, since it is simply incitation to rape and murder). But the second time round (or the third, or the 10th), form is emptied of content, or the medium is the message, as somebody famous a long time ago said. Twiggy was, in a goopy, hug-eyed way, glamorous. Kate Moss is a cipher. Torn jeans are nothing new, but in the 1960s, the jeans companies hadn't started peddling worn pants so jeans had to be worn before they got torn. Drug overdoses continue to be the rock 'n' roll rite of passage, but Jim Morrison was seen as sulphurous, as representing rebellion (never mind that it was all nonsense) whereas River Phoenix and Kurt Cobain (who committed suicide, but was a junkie) were portrayed as sensitive boys, who

couldn't take a wild, wild world. No wonder the Jagers and the Claptons are still getting the girls, including the fashion models. And the gigs.

The '90s were supposed to be a reaction to the excess of the '80s, which were a glamorous (and acquisitive) reaction to the ditty disco '70s. But nothing works in decades anymore. The mid-'90s is right back to the '80s, with variations from the '70s — good ones, like a new go-round for Zoran's sumptuous and elegant clothes, and not so good, like a revival of the Carpenters. Came the revolution, what? Choice.

Go, glamour.

KATHERINE KNORR is on the staff of the International Herald Tribune.

Pockets of Recovery, Led by Accessories

By Nadine Frey

PARIS — Late last month, the Ferragamo store on Avenue Montaigne here briefly locked its doors after an unexpected flurry of shoppers entirely overwhelmed sales staff. By month's end, the same scenario — shoppers facing locked doors and polite requests to wait outside until traffic inside the store cleared — replayed itself at Ferragamo boutiques in London and Milan.

While isolated incidents of the kind haven't yet signaled a return to the glitzy consumption of the 1980s, designer houses throughout Europe are cautiously noting signs of recovery. After three years of declining sales, the market for French designer fashion and accessories is expected to rise in 1994, largely driven by improved export markets in the United States and Southeast Asia.

The gains are most striking in companies that are specialized in handbags, luggage and leather goods. At Ferragamo, for example, the chief executive, Ferruccio Ferragamo, reported that sales rocketed 63 percent in the first six months of 1994. At LVMH Moët Hennessy-Louis Vuitton, sales of leather and luggage goods rose 31 percent in the first half to 3.18 billion francs (\$612 million), boosting LVMH's consolidated net sales nearly 20 percent. At Hermès, revenue from leather goods, apparel, accessories and perfumes combined soared 24 percent in the first half, to 1.5 billion francs.

Just why recovery in this sector should be led by designer luggage and handbags has left even the experts baffled. Says Sylvain Massot, a European analyst with Morgan Stanley in London, "Companies in this sector won't even meet demand until next year. And it's not just Japan, it's Japan, the U.S. and Europe, where there haven't been any other signs of pick-up in consumption otherwise. Luxury luggage and handbags didn't suffer as much through the early '90s as other sectors. But it's now picking up sharply. Why? I find it very difficult to explain."

One explanation designer firms are turning to is a new interest on the part of consumers for investment purchases that reflect their connoisseurship. "The market is coming towards us," said Ferruccio



Lacroix's new Bazar line is boosting the designer's sales.

Ferragamo. "It appreciates quality and a long-term product." Or it may just be that old adage working girls used to live by, "put your money in a good bag and the best shoes you can afford," applied to a fashion-wary public.

Smaller, but still noteworthy, signs of growth are emerging in Italian fashion, optimism is the watchword. Page 18

ing from the designer clothing sector as well. According to the French fashion federation, which put on the Paris shows in the Louvre and which groups together France's top designer companies, the high end of the industry will see sales increasing by 3 percent for 1994, to 6.9 billion francs, 80 percent of which is attributed to exports.

According to Jacques Mou-

clier, president of the federation, fashion's ruling body, sales "are picking up strongly in the U.S. market, and Europe is beginning to follow."

The glamorous styles and dolce vita colors sailing through the fashion runways this month speak of designer houses ready to catch a fresh wind in their sails, however feeble it blows. Several designer firms are launching or repositioning second lines. Jean-Paul Gaultier recently scotched his Gaultier Junior line in favor of a cheaper, sportier second line called JPG.

Donald Potard, Gaultier chairman, said sales of Gaultier Junior went from a high of 200 million francs the year of its launch in 1985 to 75 million francs last year, even while sales of Gaultier's top line shot up 30 percent in 1993 to

around 400 million francs. Mr. Potard said Gaultier Junior looked too much like a watered-down version of the designer's top line.

A creative second line can power sales right up the pipeline to the designer's top line. Emanuel Ungaro is riding a wave of increased sales owing to sales of his newest and lowest priced line, "Emanuel," currently available only in the United States.

"From a sociological point of view, nobody today wants to flaunt their wealth, so the growth of our top line has slowed," says Managing Director Carlo Valerio. "A brand label today, unless it really carries with it quality and fashion, isn't an instant ticket for success."

Designer houses used to be just that — self-contained units with everything under one roof. Today, in an age when a designer as rich as Ralph Lauren goes to Wall Street to raise cash, designer houses are going co-op. Ungaro perfumes are handled by Chanel. Elf-Sanoff, the French pharmaceutical concern, bought Yves Saint Laurent in 1993, and also owns Nina Ricci perfumes. And inside Europe's largest luxury conglomerate, LVMH, Christian Lacroix, Givenchy and Kenzo share manufacturing and other labor areas to streamline costs.

For example, Christian Lacroix's new second line, Bazar, one of the most successful designer launches in France this year, is manufactured and shipped by Kenzo. Lacroix's handbags and luggage are manufactured and distributed by Louis Vuitton.

Bazar, which is priced 30 to 40 percent less than Lacroix's top ready-to-wear line, is targeted at a younger customer — the one who typically bought the Lacroix accessories but couldn't afford the clothes. Sales of the line, says the Lacroix president, Robert Bensoussan, "are exceeding our best projections by 30 percent."

The line is expected to help Lacroix break into the black for the first time by late 1995 or 1996.

The final message seems to be that holding the tiller on an established designer name won't be enough to keep afloat in the fashion-wary nineties. Or as Mr. Valerio of Ungaro sums up, "If you fall asleep in this business, you wake up to a lot of problems."

NADINE FREY is a journalist based in Paris.



Italian Industry Tries to Put Best Foot Forward

By James Hansen

MILAN — Optimism in the face of mounting problems is the party line from the maestros of Milan. The domestic customer is staying home and Italy's corruption-fighting magistrates are investigating the industry. But exports of Italian fashion are booming. That is why designers dared to use the "O" word during the spring/summer fashion season just concluded in Milan.

"There is a new atmosphere of optimism," said Gianni Versace. "Italian fashion has come out of mourning."

Valentino said, "The public is no longer depressed. The crisis is over. Viva l'ottimismo!" Meanwhile, designers Dolce & Gabbana described their autumn collection as "optimistic."

Giorgio Armani said he saw "a new hunger for fashion" emerging. "Women are looking for clothes, not uniforms," he said.

Optimism is the sentiment of anticipating the best possible outcome even when things still look grim.

"That about sums up the position of the industry in this moment," said Andrea Piretti, a Milan-based fashion industry consultant. "The domestic market is still very weak," Mr. Piretti said, "but positive signs are coming from export sales, particularly in the United States."

According to Moda Industria, an apparel trade association, exports of Italian fashions to the United States grew more than 42 percent in the first quarter

of 1994. In other key markets, exports to Germany rose 23.8 percent, while exports to Japan jumped 53.3 percent.

The most startling growth came from South Korea, where the market for Italian fashion surged 242.3 percent in the first three months of 1994.

Overall, Italian clothing exports in the first quarter, the latest period for which full data are available, grew 24.3 percent, and indications are that the trend is holding.

But weak domestic sales continue to drag the industry down because they account for about half of its revenue. Preliminary data place traditional boutique sales in Italy down nearly 8 percent from 1993. But Federfesta, a textiles trade association, thinks retail clothing sales overall are managing to hold the line at 1993 levels. The only consolation for Italian producers has been that clothing imports have also fallen, but only by around 5 percent.

June order books for Italian clothing manufacturers were up just 4.7 percent, slightly above inflation. That is slim pickings for a business that was booming in the 1980s, when Armani jackets, Gucci shoes and Fendi bags were not so much a luxury as a necessity for the newly moneyed class.

"The beginning of the '90s saw the bubble burst," Mr. Piretti said. "When the market turned down, it triggered a severe shakeout, which only the strongest houses survived." He said many of the survivors were mostly the same names that were already big in the 1970s.

But even the survivors of the fashion

world's shakeout have stumbled upon hard times.

Giorgio Armani's clothing has always been about money — making it, flaunting it. All told, his activities generate aggregate annual revenue of \$700 million from clothing sales and licensing agreements.

Now, trouble with the American expansion of his Armani A/X Exchange boutiques has saddled him with a company that has suddenly revealed hidden losses of over \$100 million.

Armani originally took a stake in Samit SpA of Italy, which makes Armani jeans and controlled the A/X chain, as a way of plowing profits back into business. As partners bailed out, he took up their stock, gaining control of the company.

Then an audit turned up huge hidden losses. A spokesman said previous management had "calculated certain items as assets, which a review considers as costs."

The money-losing American subsidiary has been sold, and Mr. Armani now says he is seeking an "industrial partner" to take care of business so he can get back to his real trade of dressing the upwardly mobile.

That side of things seems to be going well. Revenue so far this year is up more than 30 percent. Armani's Milan shop is said to have taken in a billion lire (\$630,000) more this September than it did in the same month of 1993.

The fashion industry here has also been shaken by the near collapse of Gruppo Finanziario Tessile, which manufactures clothing bearing the labels of Giorgio Armani, Valentino, Emanuel

Ungaro, Claude Montana, Calvin Klein, Pierre Cardin and other designers.

GFT has annual revenue approaching \$900 million, but has also been piling up losses. Creditor banks are now examining a \$250 million purchase offer from the Arab-owned American manufacturer Pind Clothing, a maker of men's suits and holder of the Burberry license for the United States.

The latest shock for the Italian fashion industry has been the involvement of some of its biggest names in the burgeoning scandal of payoffs to the country's fiscal police to avoid tax audits. Fashion stars of the first magnitude — Armani, Krizia, Gianfranco Ferré, Versace, and others — have been touched by the affair.

The inquiry, still under way, has irritated the industry, which is largely in sympathy with Mr. Armani's comment that "Italy has become a country where it is impossible to be honest."

All this is unpleasant, but the consensus is that it will not hurt business. "Maybe it's wishful thinking," said Armando Branchini, a fashion industry consultant in Milan, "but when something similar happened to Saint Laurent a while back it had no effect at all on sales."

Alfredo Ciampini, secretary-general of Federfesta, the federation of textile and clothing manufacturers, agrees. "People are not thinking about tax scandals when they go to buy a suit or a dress," he said.

JAMES HANSEN is a journalist based in Northern Italy.



Marion Lesage, a scion of the embroidering family, in the Indies shop.

A Look at the Textures and Colors of the Future

By Michèle Loyer

PARIS — To anyone who has speculated on the reasons why a color, shape or fabric becomes a fashion trend, a visit to the textile fair Première Vision reveals the answer. Beyond fashion, the biannual fabric fair is also a valuable indicator of tomorrow's consumers' attitudes.

Held during the first week-end of October, the fair underlined several fashion trends: toward synthetic, shiny, metallic fabrics; and at the same time, a growing popularity of natural and "ecological" materials such as cotton, particularly in the United States.

"I travel the world looking for interesting fabrics," said Sarah Lord, fabric coordinator for Calvin Klein's women's

collection. "For us, Première Vision is an imperative."

After many seasons of deceptively poor wools and cashmeres, she is now in search of something different. "I believe in the return of luxury fabrics, more attuned to the tastes and lifestyles of Calvin Klein's customers."

Suzi Tompkins, creative director of Esprit International, the California sportswear company, said "I think fabrics are taking on much more importance now that we have fewer colors in our collections. Our customers now demand more interesting fabrics and good technical performances."

Right now, for the Suzi Tompkins line, she is looking for very feminine, transparent or lacy fabrics.

Première Vision is also the place where long-term projects

get started. Miss Tompkins, long an environmental activist, is campaigning to promote the use of "environmentally friendly" fabrics. Her latest clothing company, Eco, geared to "young thinking" adults, uses only natural fibers like "organic" cotton, which means grown without pesticide and dyed with nonartificial dyes.

"At Première Vision, I met a large European chain retailer who is just as concerned about environmental pollution as I am. We decided to launch a European campaign together," said Miss Tompkins.

Fashion victims who worry about their fall 1996 wardrobes should be aware of the demise of their favorite "mourning" black. Première Vision's fashion oracle reveals that the new "in" color will be brown — occasionally perked up with bright touches.

Sophistication and femininity will make a strong comeback with soft dresses in dusty pastel colors. But addicts of flannel-it luxury can also rejoice: there will also be plenty of alluring shine: satin, sequins, embroideries and laces.

Started 20 years ago by a group of 14 Lyon silk weavers trying to contend with the influence of Interstoff, the German textile fair, Première Vision has grown steadily from its humble beginnings to become the most important textile rendezvous in the world. Some 45,000 people attended the latest session.

Although individual figures are never given out, the fair's total turnover is estimated to be around 130 billion francs (\$25 billion). Business arising

from the October session was up 15 percent from a year earlier.

Whether the buoyancy of the figures indicates the end of the recession for textile goods remains to be seen. It signals, at the very least, a renewed interest on the part of the trade.

"The textile business is increasingly complex with an accelerated obsolescence of the products," said Jacques Boubal, general manager of DMC, the largest French textile group, with 1993 volume of 8 billion French francs. "At our level of the market, price is a very important factor, but so is quick delivery and creativity. The creative process becomes an all-year-long continuum."

MICHELE LOYER is a journalist based in Paris.

Retailers Tell What Sells

Continued from Page 17

lines like Dior and Saint Laurent when the focus is on licensed products rather than the designer line.

What is top of the flops? Both Karl Lagerfeld and Chloé have poor sell-throughs of under 30 percent. Joan Burstein of Browns in London would consider such a figure for any designer "shocking," and some of the independent retailers say that large stores have themselves to blame for weak buying structures and for the mark-down policy that means that customers are starting to anticipate designer merchandise going on sale.

Joyce Ma, with a chain of designer stores in Asia, emphasizes the importance of investing in new names with the profits earned from best-selling lines. She is proud to have been one of the first to sell the Belgian avant garde. Both Van Noten and Ann Demeulemeester are performing well.

There is a gulf between the large stores and the independent ones selling the newer designers. A leading American fashion director dines out on the story of buying a Martin Margiela collection and selling nothing but a pair of cuffs — which were then returned. Yet Joseph Etudegui of Joseph says that Margiela is starting to sell steadily.

It is sobering to realize that less than 50 percent of designer clothes in the stores will find a customer at the regular price.

Yet fashion's life blood is its designers and their force cannot just be measured in dollars and cents. "It is not only bread and butter," says Mrs. Ma. "We have to have fantasy — without that I would refuse to work."

SUZIE MENKES is fashion editor of the International Herald Tribune.

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By Pat McColl

PARIS — For the current generation of young designers, an anonymous boutique is the surest highway to recognition; and, although many of these boutiques are off the more traveled fashion routes, the curious make the journey.

Still in her early 30s, Corinne Cobson has become den mother and doyenne to her fellow designers. She opened her first boutique five years ago at 28 Place du Marché St. Honoré. A second, in a courtyard at 45 rue de Sévres, is now two years old.

Having her own boutiques has, Miss Cobson says, made her rethink her approach to fashion, especially the rue de Sévres boutique, which was designed, with an enormous pillow-heaped bed in the middle of it, to appeal to the young customer.

"Well," she said "instead of the daughters, we got the mothers who brought the daughters and both bought variations of the same looks. I realized that the idea of fashion by generation is completely gone; today's mothers and daughters are more like pals. Fifteen years ago, mothers told their daughters how to dress and there was no argument."

Miss Cobson's style ranges from silver sequined disco minis to slinky slip dresses over printed T-shirts to hacking jackets that wouldn't look out of place at a hunt meet. Her way is to toss it all together to, as she puts it: "Make it magic. For me, fashion is enthusiasm."

Cobson enthusiasts include the French pop stars Patricia Kaas and Vanessa Paradis as well as the American actress Nicole Kidman.

Like Miss Cobson, whose parents are Jacqueline and Elie Jacobon of Dorothea Bis, Marion Lesage has deep roots in the French fashion world. Her father is the couture embroiderer François Lesage. Her brother is also an embroiderer.

In the collection Marion Lesage designs for the just-opened Indies boutique at 18 bis rue Bonaparte — the boutique is owned by yet another second-generation scion, 24-year-old Jean Brice Garella — the simplest of shapes has a Lesage touch: embroidered patchwork appliqués to shape button holes or African hair ornaments used as buttons. Jackets tie with binding tape while bands of hand-woven African fabrics wrap the hips on wool miniskirts.

Among Indies fans are Barney's and Joseph of London. In January, the Parisian department store Franck & Fils will sponsor an exhibit: "Fil & Fille en Aiguille," focusing on the three Lesages' very different approach to the art of embroidery.

While most young designers begin their careers with a minimum of fanfare and money, Robert Merloz, who had designed the Yves Saint Laurent fur collection for four years, was launched with a maximum of both, including a large boutique on one of the best Left Bank shopping streets.

Originally financed by the house of Saint Laurent, Mr. Merloz is now backed solely by Pierre Bergé, the company's chairman. "It sounds complicated but it isn't," says Mr. Merloz. "Mr. Bergé is the financier; my connection with the house of Saint Laurent is finished and from now on, it's my story."

For two seasons, Merloz dropped out of the show calendar but returns this season with his spring collection. At the ready-to-wear salon in early September, he picked up 12 new accounts.

"Having the boutique means I am in contact with the customers," said Mr. Merloz. "I soon realized that a woman is a style, not an age, and it is this contact with the client that has helped me to learn so much."

Christophe Lemaire, whose boutique is at 4 rue Cherubini, is a young designer hesitant about leaping into licensing. "It's about marketing, not fashion," he says.

For him the advantage of having his own boutique is twofold: for the direct contact with the clientele and psychologically, as a personal encouragement.

Although he does sell to other stores and has a boutique at Galeries Lafayette, the choice of merchandise isn't his and he has no way to monitor customer reaction.

"With this shop, we show clothes in our environment and how we want them shown," Mr. Lemaire says. Because his workrooms are directly above the boutique, he can adapt or interpret his style to customer demands. "And if things don't sell," he laughs, "we throw a sale."

Michèle Meunier and Olivier Chatelet, the duo behind the Mariot-Chanet label, seem to look for out-of-the-way locations to display their talents. Their new boutique, opened in July, four flights up at 7 rue de Surenne, is, as Olivier says: "not just another boutique."

The atmosphere is more like a mini-couture house with customers receiving personal attention. Racks of nearly all-black clothes frame the room for as Miss Meunier says: "everyone comes in asking for color and leaves with black." Because the ateliers are under the same roof, clothes can be specially ordered for an almost custom fit.

Two of the most recent newcomers are Patrick Cox and Agathe Gonnert.

Mr. Cox's space at 62 rue Tiquetonne, a few blocks from the Place des Victoires, is as colorful as Mariot-Chanet's is spare. Here, everything is for sale from the Art Deco mirrors to the drum tables which display Mr. Cox's raison d'être: shoes. Not just any shoes: tartan giles with patent leather spike heels; baby blue lizard loafers and the patent leather tango shoe.

"Eighteen months ago, I didn't have a single French customer," said Mr. Cox, who is based in London. "Now France is my biggest market: even bigger than Germany and the United States. It just seemed the right moment for me to open a boutique now that Anglomania is at its height," he says referring to the fashion frenzy surrounding England's Vivienne Westwood — for whom Mr. Cox has designed shoes — and John Galiano.

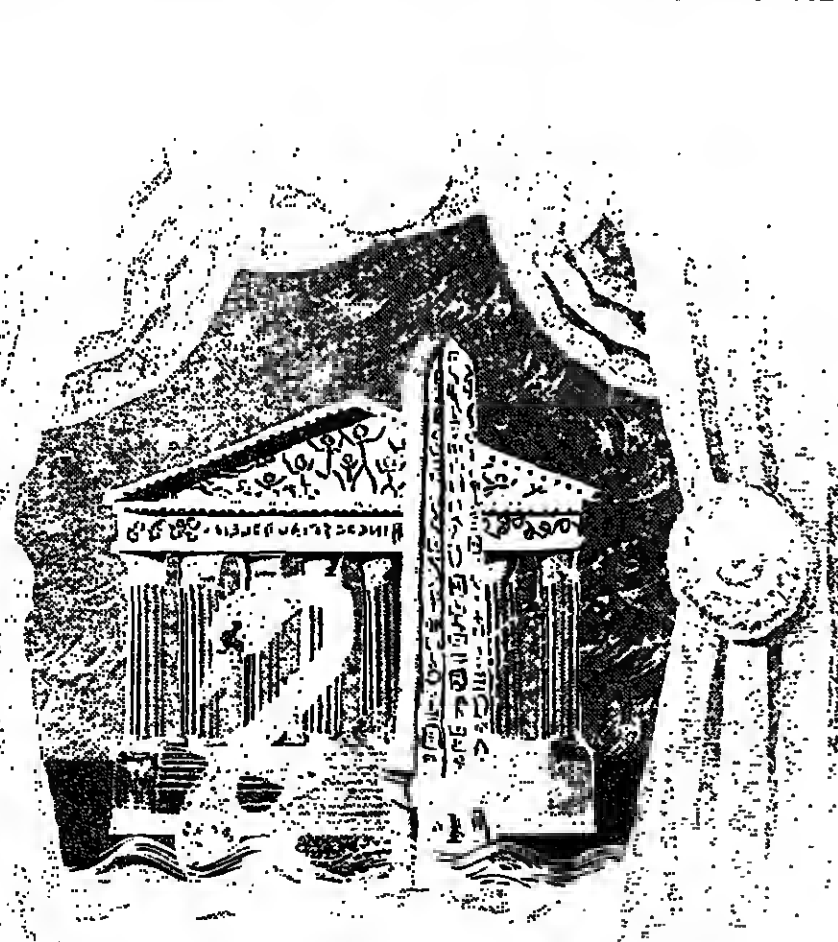
"Here in Paris the wilder or trendier the shoe, the faster it sells," says Jean Christophe Lemaire, director of the shop, whose customers have included Inès de la Fressange, the super model Helena Christensen, Chantal Thomass and Agnès B., who bought four pairs.

For her first boutique, Agathe Gonnert opted for a small space, formerly an antique book shop, at 5 rue St-Sébastien, near the Bastille. Although her background includes stints at Kenzo and Claude Montana's knitwear studio, she describes herself as self-taught with themes to the collection now in the shop: military, work clothes and sport chic.

"I love the contrast of textures: the mix of rough wools with satin." Typical of her look is boiled-wool peacock belted with a narrow blue velvet ribbon.

PAT MCCOLL is a journalist based in Paris.

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LANGUAGE

Drawing Some Contradistinctions

By William Safire

WASHINGTON — "I'm glad you asked that question," President Clinton said at a news conference, "in contradiction to the one you asked right afterward."

What's the difference between *distinction* and *contradistinction*? The Latin *distingere* means "to make distinguishable to the eye as something discrete, separate." A *distinction* is a separating; a *contradistinction* is a sharper separation, using *contra*, "against," as an intensifier. However, a native speaker does not say "in distinction to"; that thought would be expressed as "as distinguished from."

"Contradistinction is a convenient and emphatic way," Jacques Barzun says, "of pointing out the difference one has in mind when using words that are close in meaning or commonly confused. I mean knowledge in contradiction to information."

Distinction by itself does not permit the use of *to* and, requiring *between* instead, it seems to call for an explanation of what the difference actually is: "I have in mind the distinction between knowledge and information." All right, tell us what it is. The other construction, using *contradistinction*, needs no accounting on the speaker's part.

Contradistinction is *distinction* by means of contrast. Clinton used the word correctly, elevated the public discourse. However, politicians seeking the common touch might prefer *in contrast to* or *which is much different from*, and critics of the foreign policy of past administrations should steer clear of *contra* constructions.

While I had Barzun's attention, I asked about the word *mobile*: why does this word for "marriageable" apply only to females? The sex is deep-rooted: the Latin *nubere* means "to take as a husband," not to take as a wife, and Barzun traces the etymology a step further.

"The historical reason *nubere* applies only to girls," he says, "is that only they were a veil at the marriage ceremony: *nubes* equals *cloud*. The practical linguistic reason is that the connotation has always been 'capable of bearing a child.' The word marks the point, at any age, where physical development is perceived as adequate to that purpose. It follows that *nubilis* boys sounds facetious; nubility carries an essentially passive aura."

While he had my attention, the great usageist took issue with a political comment in my Mr. Hyde role about the president's *jeune jitters*. "The meaning 'youthful, childish' for *jeune*," Barzun noted, "has got into the dictionaries only as a concession to the misusers."

The original meaning of *jeune* — "empty of food, meager" — led to its modern sense of "dull, insipid." Probably because the word sounded like *juvenile*, it picked up a meaning of "puerile, childish," which is the way it is commonly used today.

Should we stand with the prescriptivists, as Barzun suggests, and hold fast to the "proper" meaning? Or do we go along with the language slob, adopting "correct" a mistake merely because it is so frequently made?

At a certain point, what people mean when they use a word becomes its meaning. We should resist its adoption, pointing out the error, for years; mockery helps; if the meaning persists, though, it is senseless to ignore the new sense.

"Investigate the use of the word *morph* as a verb," urges Rabbi Carl M. Perkins, of Needham, Massachusetts. "In the phrase 'It's morphin' time,' used by the characters on the 'Power Rangers' television program, I have the sense that it means 'to transform.'"

Morphe, in Greek, means "form"; preceded by *meta*, denoting "change," we had *meta-*

morphosis, which means "change of physical form." A word the first-century Latin poet Ovid used in its plural form as the title of his legendary work, "Metamorphoses."

Ovid also celebrated *Morpheus*, the god of dreams (not to be confused with Orpheus, a poetic character who knocked about the underworld). *Morpheus*, in Greek mythology the son of the sleep god Hypnos (you are getting drowsy), led us to *morphology*, a branch of linguistics that dissects words: a *morpheme* is the smallest meaningful unit in a language. In the word words, for example, *word* is a free morpheme and *-s* is a bound morpheme.

A *morph*, still a noun, was used by science writers in the 1950s to mean "a variant form of an animal species," like a resident of the Planet of the Apes. But along came the computer, and the word was transformed into a verb meaning "transform from one shape to another by computer graphics." In the definition given by John and Adele Algeo in American Speech. Citation: "There are flashes of the special effect known as 'morphing.'" The Atlanta Constitution wrote in 1992, "in which Mr. [Michael] Jackson — who arises from a pile of magic dust — materializes and dematerializes."

Characters *morph* in the popular children's television series "Mighty Morphin Power Rangers"; in this live-action fantasy, teenagers are transformed into superheroes empowered with the strength of prehistoric creatures.

Computer literati, so far ahead of the rest of us that they are prepared to pun on senses unfamiliar to the cyberstupid, will occasionally ask Interneted anonymous correspondents *MorF?* That means "Male or Female?" but is surely a play on *morph*.

New York Times Service

A Nagging Hemline Virus Won't Go Away

By Suzy Menkes

International Herald Tribune

PARIS — The white satin shorts that opened the shows at both Valentino and Yves Saint Laurent were symptoms of the hemline virus that swept through fashion on Sunday. It afflicts only those designers of a certain age, is contagious for their mature clients, yet is unknown to pre-menopausal women.

Valentino's symptoms were virulent. A perfectly pretty spring/summer collection broke out in flashes of hot pants, hemlines hobbling the knees and bal-

PARIS FASHION

lei-length mid-calf dance dresses in which even Claudia Schiffer looked like her mom had run something up for a ballroom dancing contest.

Yet whenever Valentino was in remission, the clothes were fine: curly jackets that were mostly brief boleros with a corset-belt beneath. When the ever-changing skirt became a dirndl, the outfit had a cute Tyrolean charm. With a straight skirt falling like an arrow to the knees, it seemed dowdy. Short skirts with pleats opening up were fancy but pretty, especially with embroidered panels.

Valentino is unique in making luxurious clothes with delicate decoration in ready-to-wear. Tufts of feathers sprouted from satin jackets. This season's wonder was a kid's paper-cut effect on silk or suede. All the evening clothes were upscale or glamorous, especially a white sheath that had a stripe of sheer chiffon running down the sides. Chiffon sarong-style were graceful. But for day, what's an uptown girl to do? Joan Collins, 61 going on 21, found the hemline fashion cure. She wore a cappuccino-colored pants suit.

Yves Saint Laurent took his ovation and fled — the first time the designer has broken with the tradition of the backstage bravos. He left his fans with a feeling of anti-climax. But for the first time in several seasons, his spring/summer ready-to-wear show on Sunday did not.

For without throwing down the fashion gauntlet, Saint Laurent's show addressed in its tasteful way the central issue of the 1990s: How to move fashion away from menswear and toward a new femininity without proffering retro glamour or sex-and-sleaze?

Saint Laurent just made some polite suggestions. Why not swap stern pants or straight skirt for white satin cuffed shorts? Perhaps facing on the front instead of buttons, a reworking of the classic YSL safari jacket. A new length skirt? Yes, to the full skirt on a soft trench coat, or whirling to the knee under a strict jacket. But no to Spanish tiered ruffles, which always look like costumes for "Carmen."

Saint Laurent also endorsed the dress. It came out mini length (with white belt, shoes and gloves); over-the-knee for *jeune-fille* dresses frilled at sleeves, hip



Saint Laurent's lace, over-the-knee dress.

and hem; mid-calf for slithering knitted dresses that also came ankle length. All options looked quite convincing. The show was fresh in its light fabrics: bathrobe jackets with pajama pants in regatta stripes; or chiffon evening dresses with floating don't-gear-the-lobster-bisque sleeves. For sweet mixes of color Saint Laurent is in the master class.

It was like seeing a distinguished establishment figure flaunting his mistress in public, when the hemlines reared up the thighs in Hubert de Givenchy's show. First came the flirtatious weekend in Biarritz — all brief navy knit dresses, salted with white, and matelot-striped shorts with Givenchy's signature big blouse. Then it was off on safari, in shorts or a sand-beige dress with a tiny bolero jacket and curve-front hemline.

And oh what a jaunty mix of color or pattern for a pistachio pants suit, its jacket checked and trousers striped, or a sky-blue shirtwaister dotted and dashed with white. Once the shock was over, the collection seemed pretty nice, with its fresh flower prints and cool cream crepe. But here's the fashion irony: Just as avant-garde design is espousing the ladylike on-the-knee hemline, the master of the fashion genre has traded it in for a younger model.

The Hermès woman seemed to have bolted to the disco when black satin jeans and a leather blouse, revealing the inevitable bra, appeared on the runway. But galloping hooves pounded on the sound-track and Hermès kept its thoroughbred image. Here were fashion's key pieces like trench coats in soft leather, safari jackets in suede and riding coats in bright cashmeres. For the authentic Hermès stamp, luggage-strap stripes were printed on a trench coat and gift ribbons on shapely swimsuits. The famous silk prints were crunched into cloqué and shown as pajama pants patterned with trout. Without being a fashion leader, Hermès makes clothing coherent with its image.

Hervé Leger stuck with sex. His hug-me-tight bandage dresses, in rainbow colors this season, squeezed the supermodels' curves. How short, bright and tight they were in laqueon turquoise, orange sherbert and coral. Leger is not so hot when it comes to fitting regular fabric to a bionic bosom. Nor at inventive tailoring. But who cares, when the models wiggled down the runway in Silver Screen swimsuits, or sheaths had a glitter gulch of rhinestones at the cleavage? And Leger had loosened up a little, with fluttering chiffon skirts, or extra fabric fanning across a well-worn derriere.

Is there any pattern emerging from the jumble of shows? Yes, for the dress. Designers at the cutting edge are turning away from tailoring. John Rocha, Asian-born and Irish-based, made a good Paris debut, with light dresses hand-painted with Celtic symbols, in sweet pink-and-blue colors and filmy fabrics. They were layered with mesh knits to create a silhouette in flux.

Shine is another strong trend. Beaded collars and Afro wigs — tottering conical creations in tribal colors — were Michel Klein's laborious way of dressing up knits and dresses in the slithery viscose and nylon fabrics that look modern. Robert Morloz took a shine to the black and white ticking-striped satin that backs men's vests and suit sleeves. He feminized it as a high-waisted dress.

There is also a comeback of color. Kenzo, who always designs on the bright side of life, had fresh color and lively pattern mixes, even if graceful long dresses, light fabrics and his signature folkloric-patterned sweaters were overwhelmed by the scenes-to-a-theme from Russian peasants to 1920s flappers. The hemlines? As it should be, they were not an issue.

WEATHER

Europe

	Today	High	Low	Tomorrow	High	Low
Algeria	20/28	18/21	10/18	18/21	10/18	10/18
Amsterdam	10/16	14/17	8/16	10/16	14/17	8/16
Antwerp	10/16	14/17	8/16	10/16	14/17	8/16
Athens	21/27	15/29	10/17	15/29	10/17	10/17
Berlin	11/17	15/20	8/16	11/17	15/20	8/16
Brussels	10/16	14/17	8/16	10/16	14/17	8/16
Budapest	13/23	17/24	11/20	13/23	17/24	11/20
Copenhagen	7/14	12/14	5/8	7/14	12/14	5/8
Dublin	11/17	15/20	8/16	11/17	15/20	8/16
Edinburgh	11/17	15/20	8/16	11/17	15/20	8/16
Frankfurt	10/16	14/17	8/16	10/16	14/17	8/16
Geneva	10/16	14/17	8/16	10/16	14/17	8/16
Helsinki	10/16	14/17	8/16	10/16	14/17	8/16
Istanbul	21/27	15/29	10/17	15/29	10/17	10/17
Las Palmas	22/28	18/21	10/18	22/28	18/21	10/18
Lisbon	18/26	16/21	10/18	18/26	16/21	10/18
London	12/17	15/20	8/16	12/17	15/20	8/16
Moscow	10/16	14/17	8/16	10/16	14/17	8/16
Nice	18/26	16/21	10/18	18/26	16/21	10/18
Paris	10/16	14/17	8/16	10/16	14/17	8/16
Rome	18/26	16/21	10/18	18/26	16/21	10/18
Stockholm	10/16	14/17	8/16	10/16	14/17	8/16
Torino	10/16	14/17	8/16	10/16	14/17	8/16
Vienna	10/16	14/17	8/16	10/16	14/17	8/16
Zurich	10/16	14/17	8/16	10/16	14/17	8/16

Forecast for Tuesday through Thursday, as provided by Accu-Weather.



North America
The Atlantic seaboard will begin with mild, sunny weather; by Thursday the return of clouds may bring widespread showers. Ontario and the Great Lakes states will be shrouded at times then chilly and mainly dry. Pacific Coast cities will be mostly rain-free; California will be especially dry.

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Algeria	20/28	18/21	10/18	18/21	10/18	10/18
Amsterdam	10/16	14/17	8/16	10/16	14/17	8/16
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Berlin	11/17	15/20	8/16	11/17	15/20	8/16
Brussels	10/16	14/17	8/16	10/16	14/17	8/16
Budapest	13/23	17/24	11/20	13/23	17/24	11/20
Copenhagen	7/14	12/14	5/8	7/14	12/14	5/8
Dublin	11/17	15/20	8/16	11/17	15/20	8/16
Edinburgh	11/17	15/20	8/16	11/17	15/20	8/16
Frankfurt	10/16	14/17	8/16	10/16	14/17	8/16
Geneva	10/16	14/17	8/16	10/16	14/17	8/16
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Moscow	10/16	14/17	8/16	10/16	14/17	8/16
Nice	18/26	16/21	10/18	18/26	16/21	10/18
Paris	10/16	14/17	8/16	10/16	14/17	8/16
Rome	18/26	16/21	10/18	18/26	16/21	10/18
Stockholm	10/16	14/17	8/16	10/16	14/17	8/16
Torino	10/16	14/17	8/16	10/16	14/17	8/16
Vienna	10/16	14/17	8/16	10/16	14/17	8/16
Zurich	10/16	14/17	8/16	10/16	14/17	8/16

Asia

	Today	High	Low	Tomorrow	High	Low
Algeria	20/28	18/21	10/18	18/21	10/18	10/18
Amsterdam	10/16	14/17	8/16	10/16	14/17	8/16
Antwerp	10/16	14/17	8/16	10/16	14/17	8/16
Athens	21/27	15/29	10/17	15/29	10/17	10/17
Berlin	11/17	15/20	8/16	11/17	15/20	8/16
Brussels	10/16	14/17	8/16	10/16	14/17	8/16
Budapest	13/23	17/24	11/20	13/23	17/24	11/20
Copenhagen	7/14	12/14	5/8	7/14	12/14	5/8
Dublin	11/17	15/20	8/16	11/17	15/20	8/16
Edinburgh	11/17	15/20	8/16	11/17	15/20	8/16
Frankfurt	10/16	14/17	8/16	10/16	14/17	8/16
Geneva	10/16	14/17	8/16	10/16	14/17	8/16
Helsinki	10/16	14/17	8/16	10/16	14/17	8/16
Istanbul	21/27	15/29	10/17	15/29	10/17	10/17
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Lisbon	18/26	16/21	10/18	18/26	16/21	10/18
London	12/17	15/20	8/16	12/17	15/20	8/16
Moscow	10/16	14/17	8/16	10/16	14/17	8/16
Nice	18/26	16/21	10/18	18/26	16/21	10/18
Paris	10/16	14/17	8/16	10/16	14/17	8/16
Rome	18/26	16/21	10/18	18/26	16/21	10/18
Stockholm	10/16	14/17	8/16	10/16	14/17	8/16
Torino	10/16	14/17	8/16	10/16	14/17	8/16
Vienna	10/16	14/17	8/16	10/16	14/17	8/16
Zurich	10/16	14/17	8/16	10/16	14/17	8/16

Africa

	Today	High	Low	Tomorrow	High	Low
Algeria	20/28	18/21	10/18	18/21	10/18	10/18
Amsterdam	10/16	14/17	8/16	10/16	14/17	8/16
Antwerp	10/16	14/17	8/16	10/16	14/17	8/16
Athens	21/27	15/29	10/17	15/29	10/17	10/17
Berlin	11/17	15/20	8/16	11/17	15/20	8/16
Brussels	10/16	14/17	8/16	10/16	14/17	8/16
Budapest	13/23	17/24	11/20	13/23	17/24	11/20
Copenhagen	7/14	12/14	5/8	7/14	12/14	5/8
Dublin	11/17	15/20	8/16	11/17	15/20	8/16
Edinburgh	11/17	15/20	8/16	11/17	15/20	8/16
Frankfurt	10/16	14/17	8/16	10/16	14/17	8/16
Geneva	10/16	14/17	8/16	10/16	14/17	8/16
Helsinki	10/16	14/17	8/16	10/16	14/17	8/16
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Las Palmas	22/28	18/21	10/18	22/28	18/21	10/18
Lisbon	18/26	16/21	10/18	18/26	16/21	10/18
London	12/17	15/20	8/16	12/17	15/20	8/16
Moscow	10/16	14/17	8/16	10/16	14/17	8/16
Nice	18/26	16/21	10/18	18/26	16/21	10/18
Paris	10/16	14/17	8/16	10/16	14/17	8/16
Rome	18/26	16/21	10/18	18/26	16/21	10/18
Stockholm	10/16	14/17	8/16	10/16	14/17	8/16
Torino	10/16	14/17	8/16	10/16	14/17	8/16
Vienna	10/16	14/17	8/16	10/16	14/17	8/16
Zurich	10/16	14/17	8/16	10/16	14/17	8/16

POSTCARD

A Musical Bridge Between Eastern and Western Europe

By Jane Perlez
New York Times Service

KRAKOW, Poland — Amid the unique sessions at the piano, gifted